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INSTITUTE OF ENGINEERING
PULCHOWK CAMPUS

HOUSING FOR THE URBAN POOR

The Case of the Kathmandu Valley

by

Mahesh Shrestha

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Head of the Department
Department of Architecture
Pulchowk Campus, Institute of Engineering
Lalitpur, Nepal

TRIBHUVAN UNIVERSITY
INSTITUTE OF ENGINEERING
PULCHOWK CAMPUS
DEPARTMENT OF ARCHITECTURE

The undersigned certify that they have read, and recommended to the Institute for acceptance, a thesis titled “Housing for the Urban Poor: The Case of Kathmandu Valley” submitted by Mahesh Shrestha in partial fulfillment of the requirements for the degree of Ph. D. in Urban Planning.

Supervisor

Dr. Jiba Raj Pokharel

Professor

Department of Architecture

Institute of Engineering

Pulchowk, Lalitpur

Co-supervisor

Dr. Hans Christie Bjoenness

Professor

Faculty of Architecture, Planning and Fine Art

Department of Urban Design and Planning

Norwegian University of Science and Technology

Trondheim, Norway

Co-supervisor

Dr. Shovan Kumar Saha

Professor

Director

School of Planning and Architecture

Vijawada, India

Committee Chairperson

Department of Architecture and Urban Planning

Institute of Engineering

Pulchowk, Lalitpur

Date

TRIBHUVAN UNIVERSITY
INSTITUTE OF ENGINEERING
THESIS ACCEPTANCE

The thesis entitled “Housing for the Urban Poor: The Case of the Kathmandu Valley” submitted by Mahesh Shrestha in partial fulfillment of the requirements for the degree of Ph.D. in Urban Planning has been accepted by Institute of Engineering Research Committee upon the recommendation of the Supervisors, Departmental Research Committee, and approval from the following examiners:

Professor Dr. P.S.N. Rao
Head
Department of Housing
School of Planning and Architecture
New Delhi
India
Examiner, Thesis Evaluation

Dr. Jibgar Joshi
Former Director General
Department of Urban Development and Building Construction
Kathmandu
Nepal
Examiner, Thesis Evaluation

Dr. Bharat Raj Pahari
Committee Chairperson and Dean
Institute of Engineering

ABSTRACT

Increasing concentrations of population in urban areas have created new problems in developing countries. Most local governments in the developing world have not played a significant role in addressing issues concerned with housing the urban poor. In Nepal, increase in urban population is 6.65 per cent compared to the national average of 2.27 per cent. National urban population is 14.2 per cent, yet Kathmandu valley's share of urban population is 54.5 per cent. The contribution of the urban areas to the national economy in Nepal is 60.68 percent, whereas the annual investment in the urban areas is only 2 per cent. 23 per cent of the urban population in Nepal is poor taking the official Nepali poverty line of U.S.\$ 110.6 per person per annum. Institutional role is crucial in the reduction of poverty related problems and urban poor housing drawbacks, but implementation of policies have not been effective due to lack of good governance and centralized decision making process. In this context, the hypothesis for the research was created based on (i) Lessons learnt from the experience of several Asian countries show that secured urban housing is a key contributor to reduction and elimination of urban poverty (ii) In Nepal, poverty has fast been linked with urbanization as more and more people move to cities and urban areas that are unable to cope with the combined pressure of rising populations and limited resources. Urban poverty is result of a long process of marginalizing groups and social deprivation based on the need of the fulfilment of the basic necessities and (iii) It has been established that regional countries with a similar social, economic and cultural background as Nepal have successfully formulated policies and implemented programs for meeting the needs of housing the urban poor. In this context, there is no reason that Nepal cannot formulate and implement its own programs and strategies to lessen the problems of urban housing poverty. The argument above revealed that it is unlikely that a narrow perspective of one theory alone will be sufficient to explain the phenomenon of the problems of housing the urban poor in Kathmandu valley. Consequently, this leads to the questions: What are the critical factors/determinants for securing housing by the urban poor of Kathmandu valley? What is the proposed strategy of housing for the urban poor of Kathmandu valley? To assess the characteristics and the phenomenon of the housing conditions of the urban poor in

Kathmandu valley, three case study areas (two primary and one secondary) were identified and surveys completed. The three were Banshighat squatter settlement, ward number 11, Kathmandu, Bara Nani, Brahma Tole; ward number 12, Kathmandu (a slum settlement) and Paliphah Kirtipur Resettlement Program (a participatory experiment in housing the urban squatters in Kathmandu). All three case studies have revealed that there is strong impetus among the subject matter that given formal assistance, they are and would be in position to lessen the problem. They have revealed that formal assistance was necessary because the urban poor were not able to access institutional housing finance on their own because of the need of the conventional collateral which they do not have. It was found that the formal financial sector in Nepal, because of its conservative policies, has not been forthcoming to provide housing loans to low income households. The use of non governmental organizations (NGO) to act as an intermediary between the urban poor and the financial institutions have been recommended to help the financial institutions for the purposes of genuine identification and formation of groups of the would be beneficiaries. Findings of the research showed that appropriate usage of micro financing methods through the help of intermediary institutions- NGO's, would be an appropriate tool in creating a strategy for meeting minimum housing standards for housing the urban poor in Kathmandu. The role of the government would be to provide cross subsidized land and bear the costs borne by the NGOs and persuade the financial institutions for necessary micro finance. These factors underline the need of an interface between the formal financial sector and low income households with the government acting as the facilitator to make an impact on the process of integrating low income households with the formal financial sector for getting access to the necessary housing needs.

Key words

housing needs, Nepal, policies, poverty, strategies, urban shelter

SUMMARY

For the poor in Nepal, urban areas have always been seen as a means for improving their quality of living and environment, besides getting better employment and incomes. This, in contrast to deteriorating conditions in the rural areas has generated a considerable flow of migrants into the cities, particularly in the last three decades. Priorities of urban migrants change over time, depending on various conditions that they find themselves in. But one of the first dilemmas that they face and which persist for a long period is the question of adequate shelter. With little resources, financial or otherwise, or access to them, the drastic option of illegally occupying a vacant piece of land to build a rudimentary shelter is the only one available to them. The problem is further aggravated by the apathy and non-concern by governmental agencies. Although lack of food and clothing are important elements of basic needs, it is inadequate shelter that is often the most visible indicator of poverty in urban settlements. Urban poverty as reflected in housing, of course, is not confined to the individual shelter.

The most visible indicator of poverty in Kathmandu is the presence of slum and squatter communities. Lack of affordable housing and the virtually non-existent scale of housing assistance programs to the urban poor are the primary causes of homelessness. The growing gap between the number of affordable housing units and the number of people needing them has created a housing crisis for the poor people. In Nepal, 7.81 per cent of the households are squatters, 9.09 per cent being in the urban areas and 7.64 per cent in the rural areas. The first squatter settlements that were seen in the Kathmandu valley first appeared in 1968 at Kalimatitol, ward number 8, Kathmandu when rural migrants began moving mainly in search of employment and has been growing at an average annual rate of 2.94 per cent. Then, there were many stretches of vacant land which the migrants to the city, with their very few resources, claimed and established their new homes and communities.

THEORIES ON URBAN POVERTY

Urban poverty is a complex, multidimensional problem with origin in both developing and developed countries depending upon its nature and extent. The quality of life is influenced by the phenomenon of urbanization. It is seen that forty nine per cent of the world's poor live in South Asia, a region that accounts for thirty per cent of the world's population. In many instances, rural to urban migration has been the major factor in increasing urban poverty. Urban poor occupy the lowest rungs of the social hierarchy and deprived of basic services and amenities. The main reason behind this is lack of effective policies for the removal of poverty.

Lack of policies and malfunctioning institutional arrangements that span the entire society in urban areas create and reinforce urban poverty. Limited access to basic services like health, education, water, electricity, housing, convenient and cheap transport and communication further undermine their human resource potential. As rural poverty deepens and peace and order deteriorate, increasing rural people's vulnerability to violence in the countryside, families start thinking seriously of moving away to towns and cities where relative calm, livelihood opportunities and a modicum of basic services offer meaningful alternatives.

It is found that somewhere in the transition from a rural to urban location, they discover that their image shifts too. Where once they were poor but had some say in society, they have become 'squatters' maligned as lawbreakers for taking illegal advantage of urban space. McCaulsen (1985) defined squatter as a person who has taken over unclaimed land, a house or a building, and occupies it without authority to do so. The definition of squatting implies a relationship between people and houses on land, but it is important to note that squatting is not only a land issue- it is an economic and social issue which tends to be discussed merely on terms of land. It is generally accepted that urbanization is one of the major causes of squatting. Nepal has the potential capacity to continue to urbanize faster in future, which would indicate that urbanization in future would cause a growth in squatter and population.

Majale and Payne (2004) defined a slum as a contiguous settlement where the inhabitants are characterized as having inadequate housing and basic services. The formation of slums and squatter settlements need not be inevitable with rapid urbanization. Such an argument appears to be contradicted by evidence of large slum populations in a large number of developing countries and particularly in rapidly urbanizing regions like Asia. Evidence suggests that urban authorities faced with rapid urban development lack the capacity to cope with the diverse demands for infrastructural provision to meet economic, social and physical needs. Not only are strategic planning and intervention major issues in agenda to manage rapid urbanization, but urban authorities are not effectively linking the economic development trajectory to implications for urban growth and, hence, housing needs. It is argued that urban authorities have to first recognize and then act to establish the link that is crucial between economic development, urban growth, and housing. This is the agendum that has been largely neglected by urban and national authorities with the consequent proliferation of slum and squatter formation as a housing solution. Squatter and slum settlements have formed mainly because of the inability of city governments to plan and provide a strategy for affordable housing for the low-income segments of the urban population. Hence, squatter and slum housing is the housing solution for this low-income urban population.

RATIONALE OF THE STUDY

Cities and urban areas are at the forefront of socio economic change. Half of the world's population is now living in urban areas which have become centers of innovation and engines of growth and development and are the key to social, economic and environmental development. But, in contrast, many cities especially in the developing countries represent today the most alarming concentrations of humanity and poverty. The pace of unplanned urbanization is simply too fast to manage. It is estimated that there are one billion urban dwellers living without adequate shelter. It might be noted here that fundamental bottlenecks to sustainable urban development are not necessarily lack of technology or funding but local implementation and governance. Urban problems have to be recognized as serious threats to the well being of the urban residents though

comparatively Nepal is in an early stage of urbanization with 14.2 per cent of the population as urban, taking a settlement of more than 10,000 as urban; if unchecked in a timely manner would face the same consequences as that seen in the magnitude of larger regional cities. In the context of Nepal, urban scenario is changing very fast and so also the approaches to deal with the urban challenges. How can the good intentions and outcomes of the planning process based on consultative mechanisms be transferred to the action level before they become obsolete or irrelevant? To what extent, does the process educate the government, other institutions and decision makers?

It was found that the contribution of the urban sector to the national economy in Nepal is significant, yet the annual investment it is not at what is desired. A close look into the components of economic growth reveals that Nepal's overall growth has derived largely from the growth of the non agriculture sector- which contributed 60.7 per cent of the GDP in 2001/2002 compared to only 40 per cent in 1991/1992. The contribution of the non agriculture sector is estimated at 64.4 per cent of the GDP in 2006/2007. The Tenth Plan of Nepal has acknowledged that there is a significant contribution of non agricultural sector in the growth of GDP and that its impact is limited to urban areas. This leads to the question why more efforts are not being made for urban capacity building? Urban areas are centres of financial resources, but the urban poor do not have the tools to access them. The important contribution that the urban poor make to the city's economy is often forgotten as they do the jobs that most others will not.

Investment in urban areas will reap rich benefits and increase productivity. They are the hubs of much national production and consumption- economic and social processes that generate wealth and opportunity. It must be recognized that urbanization is an integral part of the structural changes that accompany economic development. Urban people have to be facilitated. But if we study the housing areas in Nepal, it does not project a good image. No considerable institutional program or policies have so far addressed the issue of housing the urban poor in Nepal.

Within this framework, the hypotheses for the research were created based on Hypothesis (i): The experience of several Asian countries shows that secured urban housing is a key contributor to reduction and elimination of urban poverty. In the last thirty years the perception of the role of the city and urban areas has profoundly changed. Less maligned as a threat to the environment, urban areas are now recognized as the driving force of economic growth and centres of technological and cultural creativity and human development. Some have even argued that urban areas provide the economies of scale required to make sustainable development possible.

Hypothesis (ii): In Nepal, poverty has fast been linked with urbanization as more and more people move to cities and urban areas that are unable to cope with the combined pressure of rising populations and limited resources. Although in global terms, Nepal's urban population is relatively small, with 14.2 per cent of people living in urban areas in 2001, this is expected to change. However, in line with international trends, estimate of the number of urban dwellers in developing countries is expected to double by 2025. Urban growth in Nepal is accelerating sharply and this is expected to continue. If the trend of urban growth of 6.65 per cent per annum, which is the highest of any country in South East Asia, continues, the urban population will have reached 36 per cent in 2025.

With the growth of rapid urbanization in Kathmandu valley, there has been also a parallel growth of squatter and slum settlements. The number of squatter settlements in Kathmandu had grown to 63 settlement areas after being first discerned in 1968. Whereas, the current estimate of the squatters does not appear large in comparison to other cities in the region, this is a growing trend which needs to be addressed timely before it reaches uncontrollable proportions. Urban poverty is result of a long process of marginalizing groups and social deprivation based on the need of the fulfilment of the basic necessities. In the context of Kathmandu valley, it can be asserted that incidence of poverty and growth in the number of urban poor can be stemmed by providing them with secured housing.

Hypothesis (iii): It has been established that regional countries with a similar social, economic and cultural background as Nepal have successfully formulated policies and implemented programs for meeting the needs of housing the urban poor. In this context, there is no reason that Nepal can not formulate and implement its own programs to alleviate the problems of poverty and housing the urban poor. The hypotheses framed have been found to be correct by the research.

RESEARCH QUESTIONS

The argument revealed that it is unlikely that a narrow perspective of one theory alone will be sufficient to explain the phenomenon of the problems of housing the urban poor. As a result, this leads to the questions: What is urban poverty? How are situations influencing the access to housing for the poor in Kathmandu valley? What are the ground realities of the housing status of the urban poor in Kathmandu valley? Will the role of institutional help alleviate the problem of housing the urban poor? In the case of Kathmandu valley, what have been the characteristics of the urban poor housing? What are the critical factors/ determinants for providing housing to the urban poor of Kathmandu valley? What is the proposed policy/ strategy of housing for the urban poor of Kathmandu valley? Taking into consideration the above, the main research questions would be:

What are the characteristics of the urban poor in Kathmandu in general and those related to housing in particular? What should be the appropriate policy and strategy in order to meet the housing needs, particularly in the context of housing finance? To what extent has the formal sector been able to contribute to meet the needs of housing the urban poor?

THE RESEARCH PROCESS

First hand observations of some aspect of society have a long history in research. Researchers have obtained information through participant observation of the group to be studied. Lofland (1972) stated that participant observation has been described as the most intimate form of social research. First hand information was also obtained by relying on

knowledgeable informants from the cases studied. Extensive use of primary and secondary source materials was used. These were carried out by qualitative method. The term survey research would in this context mean the collection and analysis of responses of samples of people, communities and questionnaires designed to elicit their opinions, attitudes, and sentiments about the specific topic. Qualitative methods were applied for: (a) collecting contextualized and explanatory data (b) understanding meanings and processes (c) in-depth understanding of people's experiences, attitudes, behaviour and motivations (d) explaining causes and effects of wider trends of urban housing poverty (e) data sets (f) for generating policy recommendations.

The purpose of the study was to examine the extent to which the formal sector is able to meet the needs of housing of the urban poor. Inter alia, it identifies major problems faced by the urban poor and other low income households in obtaining funds for housing from formal financial institutions. An attempt is also made to suggest a strategy framework for fostering an effective link between formal sector financial institutions and low income households in order to meet the financial needs of the poor. The study was confined to urban households.

The activities employed in the thesis were: (a) defining the problem and identifying the variables causing it or related to it (b) getting insight into the existing knowledge on the issue in this context by way of case studies and contribute to the furtherance of knowledge (c) formulate research questions, hypothesis and construct strategy (d) build theories to understand and generalize the phenomena and to throw insight into the problem. The researcher began with an extensive review of the literature to determine what prior studies have determined about this issue and used the theory to define the research questions. The knowledge created about the problem of housing the urban poor is to contribute to answering the normative questions of the thesis. The findings and conclusions would be such that they will be useful for formulating major policy proposals, establish their priorities and identify their implications in the context of housing the urban poor.

In carrying out the research, the current housing situation in Nepal in relation to the trends in urbanization was first reviewed. Since a large number of low income urban households are located either in slums or else live as squatters on encroached land, the problem of shelter of squatters and low income communities in Kathmandu forms the main theme of the thesis. An analysis of the trends in housing and urbanization and the current shelter scenario demonstrated that unless innovative solutions are found, the shelter situation is unlikely to show any appreciable improvement in foreseeable future. This is followed by presenting a socio-economic profile of characteristics of the urban poor in terms of education and occupational patterns, income and asset status, and expenditure behaviour.

CASE STUDIES

The selected three case studies (two primary and one secondary) are located in Banshighat in ward number 11, Kathmandu, Bara Nani, Brahma tole in ward number 12, Kathmandu and Paliphal in ward number 6, Kirtipur.

- Case of Banshighat squatter settlement

The Banshighat settlement lies on the river side of Bagmati River one kilometer west of the Bagmati bridge at Thapathali ward number 11. The settlement evolved in 1988. The settlement has 105 households with 495 people. Banshighat squatter settlement is a result of a lack of institutional policies to address the issues of housing the urban poor in Kathmandu. It becomes evident the government is not giving adequate response to this ever increasing phenomenon. This is a visible indicator of poverty in Kathmandu. Because of the constant fear of eviction and lack of secure tenure, the settlers are not willing to improve their housing condition. The case has revealed that there is strong impetus among the subject matter that given formal assistance, they are and would be in a position to lessen the problem. They have revealed that formal assistance was necessary because they are not able to access institutional housing finance on their own because of the need of the conventional collateral which they do not have. It was found that given some institutional assistance to them, they would be capable to improve their life.

- Case of Bara nani, Brahma tole, ward no. 12, Kathmandu

Ward number 12 is situated in the heart of Kathmandu municipality at the confluence of Bishnumati river in the west and Bagmati river in the south. The area of the case study lies in Brahma tole and is called Bara nani. The access to it is from Brahma street in the north and Teku to the south. Entrance to the brick-paved closed courtyard is from the ground floor opening in a house from the west. The main issue of this low income settlement is inadequate housing. Secured housing and better living condition is the common vision shared by the people in this community. Other important issues observed are the marginalization of some caste groups, better education for children, water and sanitation problems leading to health and environmental degradation. The role of the government and municipality in addressing the issues of urban poor settlements, particularly safe housing, is questioned. The findings revealed savings in the family's income expenditure pattern.

- Case of Paliphal Kirtipur resettlement program for the urban poor

The banks of the Vishnumati river in Kathmandu have always been home to squatter settlements since 1952. Displacement of these poor communities in the process of the expansion of the Vishnumati link road (VLR) not only left them homeless but also affected their livelihood. The VLR evictions resulted after assurances from the Kathmandu Metropolitan Corporation for resettlement of the squatter communities. The main objective of the Kirtipur resettlement program was to relocate VLR affected families. The program featured building 44 houses for 44 families. The project was planned together with the members of this community. Findings revealed that affordability of the families for the repayment of the units was met.

THEORIES REVISITED

Most of Asia's urban poor live in overcrowded and unsanitary slums and squatter settlements and often do not have access to basic infrastructure and services. They are forced to live in illegal and informal settlements because they cannot enter formal land and housing markets. It can be said that because of the way formal markets are regulated

and structured, the poor are unable to afford the choices offered to them in these markets. In contrast, the informal and illegal housing markets of slums and squatter settlements are specifically geared to meet their shelter needs.

Because there is often no security of tenure in illegal settlements and the fear of imminent eviction exists, the poor do not invest in improving either their housing or their settlements. The same may be said in the context of the urban poor in Nepal. The main issue of the urban lower income group is housing. Secured housing and better living condition is a common dream of the urban poor. The role of the government and other institutions in addressing the issues of housing the urban poor in Nepal is questioned.

Housing problem is to be examined in terms of social, economic, political and physical framework of the housing system. The significance for housing of the social framework lies in the choice of policy objectives, and in the links between housing and social policy such as the pursuit of equality. The economic factors exercise an all-pervasive influence on the housing system. Housing policy is never free of the economic situation and specific measures are called for precisely because of that situation. Housing is political also. Both nationally and locally, housing policy is formulated through the political system. Finally, there is the physical context. Houses are physical structures. This is their most obvious characteristic. Housing policy too emphasizes the physical aspect of new building and improvement.

In this context, it is relevant to revisit theories of micro finance to address the issues of urban poverty in housing. Micro-finance, the extension of credit to people too poor to qualify for conventional bank loans, is often considered one of the most effective and flexible strategies in the fight against poverty. Micro finance can be defined as providing credit and finance related services so as to improve the living standard of the poor. The concept is to lend loans to poor people without the conventional individual collateral under the premise that they have the skills for repayment.

It was found that providing housing microfinance can be a critical element of an effective strategy for housing the urban poor in Nepal. Improved access and efficient provision of savings and credit facilities can help the poor to meet their housing needs. Without permanent access to institutional microfinance, most poor households continue to rely on meager self-finance or informal sources of microfinance, which limits their ability to actively participate in and benefit from the development opportunities. Microfinance can contribute to the development of the overall financial system through integration of financial markets. Providing housing microfinance services efficiently to this excluded segment of the populace remains a major challenge in Nepal.

The Nepali financial framework considers mortgage financing for housing as one of the best collateral. The use of mortgage is considered a necessary condition for all housing finance agencies belonging to the formal sector. It finds that it is prudent to give loans only to persons whose income is secure and can be attached. The informal sector low income households automatically get left out of the existing housing finance system. The poor have no access to credit, other than what they get from money lenders at high rates. Most financial institutions insist upon satisfactory collateral for the loans, such as property or easily marketable assets. Most low income households in Nepal are unable to meet this criteria. What these households have are assets in other forms such as basic tools of their respective crafts and trades. These items which are marketable are acceptable as pledges for loans from private money lenders. These items however are not acceptable as collateral to housing finance institutions. In this background, it may be stated that for low income households seeking loans from financial institutions, the primary consideration in approving loan should be the ability of the beneficiary to repay it; collateral is irrelevant.

The main findings set a background for a broad framework for meeting the housing needs of the urban poor in Kathmandu. The suggested strategy emphasizes the need for community based initiatives to tackle the problem of housing finance for the poor. In this context, it was found that formation of groups of the would be beneficiaries

shall be an effective method as a social tool. Further, a key element in the strategy is the crucial role of non-governmental organizations, especially in the context of organizing the poor into groups or cooperatives and for their proper identification.

The interface between a formal level financial mechanism for housing the urban poor and the poor household requires a 'link institution'. It was found that utilization of the services of non-governmental organizations (NGO) as the link institution could be a good catalyst in mobilizing the poor in the area, especially if they have already been engaged in carrying out some kind of activity in the same. The purpose is to form community based financial institutions. Also, it would be advantageous to utilize the special role of NGOs. The main role that an NGO could play is to get itself identified with the community and gain the confidence of the people in the area with a view to inform them of the merits of organizing themselves into a group not only for facilitating loan procurement for housing or housing improvement, but also to help them to effect improvements in other aspects of their living. All the case studies revealed savings in the income-expenditure pattern. It is seen that NGOs can help in convincing the poor of the advantages of enabling policies—policies that can guide, stimulate and create an environment in which resources can be fully utilized for providing shelter to the poor. Improved housing situation for the urban poor would have positive effects in income generation and health. The NGOs in Nepal have not been widely involved in urban housing. Their involvement in the housing programs is recommended, as the government realizes the complexity of solving the enormous housing problem on its own.

There are several approaches to tackle the problem of housing finance for the low income households. It would be in order to first state some of the underlying findings within which various suggestions are proposed to be made. To begin with, it was found that the formal financial sector has not made any significant contribution for providing housing finance to the low income households in Nepal. The second finding was that the low income households on their own are not able to access loans from the formal financial sector in the normal course either because of cumbersome procedures and documentation needed to obtain loans from the formal sector or because of their inability to

satisfy eligibility conditions.

The investigations revealed that the urban low income households are generally not availing of loan facilities extended by the formal financial system. There are several reasons for this situation. First, and perhaps foremost, is the question of providing acceptable collateral. It was found that most low income households do not own land or have clear title to it. Also, most financial institutions in Nepal insist upon formal documentation in regard to land and municipal certification. Clearly, unless a satisfactory solution to this problem is found, there is little possibility of the low income households getting directly integrated with formal financial system.

It was found that the formal financial sector in Nepal, because of its conservative policies, has not been forthcoming to provide housing loans to low income households. Also the low income households, even if they are aware about the availability of lendable funds from financial institutions, are generally inhibited to seek housing loans from them largely due to rather restrictive loan terms, especially those relating to collateral, down payment requirements and rigid repayment schedule. These factors underline the need for an interface between the formal financial sector and low income households with a view to make an impact on the process of integrating low income households with the formal financial sector. The principle role for the link institution would be essentially that of an intermediary, with government acting as the facilitator mainly in fostering links between the formal sector and the low income households through the use of local level networks.

RECOMMENDATION

In the proposed strategy, recovery of dues, should in some instances where some down payment is required, would be designed to suit the economic circumstances of low income urban households. It would also have inbuilt capability of adopting flexible terms and conditions connected with loan recovery. For convenience and to provide focus, the salient features of the recommended strategy are summarized. Since financing the urban poor for shelter has severe limitations, as the existing financial institutions are unable to

release funds without proper mortgage and security, it is the endeavour of this strategy to provide the appropriate atmosphere to enable the formal institution to lend its funds to the lowest strata of the society. Financial intermediation in terms of a community based institution or a non governmental organization becomes necessary to interface with existing organized financial sector. This link institution shall facilitate in providing such a connection by way of arranging identification, group security of an acceptable kind and appropriate access to housing finance. The role of the government shall be to provide subsidized land and cover the cost borne by the NGOs for their services. It would also have the added task of continuously monitoring the progress of various activities, with the focus on shelter provision for low income households. It would have the responsibility of apprising various formal sector agencies of the problems of the low income households in accessing affordable housing solutions.

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1. INTRODUCTION TO THE STUDY

Nearly all future population growth will be in the urban areas of the developing world. This is growing at an unprecedented rate; soon the rural population will be less than the urban, while the number of urban dwellers living in poverty is increasing. Migration to the city is the key factor behind the change in proportion between urban and rural population, known as urbanization. Urbanization is inherent in economic and cultural development and the trends are universal. The transition from a predominantly rural to an urban society is a complex process with many aspects. The transition provides opportunities and benefits, but also has negative consequences: poverty and inequality; slums and squatter settlements; social instability and lack of security. The importance of the contribution of the informal economy, mostly by the poor, in urban areas has not been given due significance. The most salient negative aspect of urban growth in developing countries is the conditions of the urban poor. The number is growing. Ljung and Tannerfeldt (2006) defined urbanization as the transition process from a rural to urban society, where the proportion of the total population living in urban areas increases. Urban growth is the growth of the urban population and not the geographical expansion of urban centres, although this normally is a consequence.

Since the evolution of civilization, human beings have always been in search of a shelter. The world is need driven; accordingly, the primary activities of man were oriented towards fulfilling the basic needs of food, clothing and shelter. Gupta (1995) wrote that shelter is the outcome of the basic needs of man. Possession of a house is a basic human need not only for protection against the natural elements, but also for the maintenance of accepted ethical standard of the family and society. It is noted that the first thing the early man learned to do was to build a shelter by building a cave for protection against the natural elements (Eisner et al 1993). He resorted to caves for collective activities. Then whole communities living in caves emerged. Cave dwellers, a term used in archaeology and anthropology to designate prehistoric people who occupied caves in various parts of the world, generally date from that part of the Stone Age called the Paleolithic, which started some two million years ago. Caves were used as natural shelters, offering shelter and protection from predators and the natural elements. Chauvet

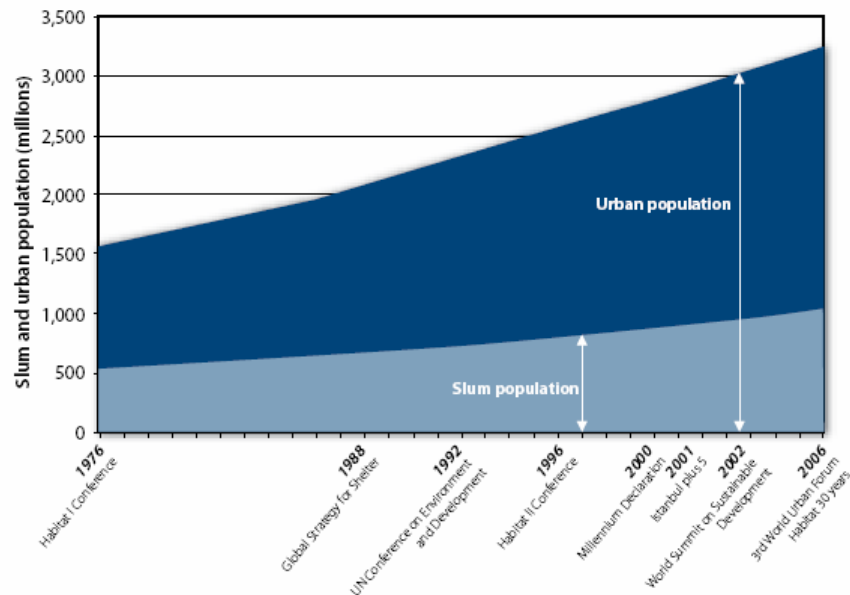
Cave, a prehistoric cave located in the gorges of the Ardeche in France contains paintings and engravings that date from 30,000 BC.

These places of communal living gave way to the village. Permanent villages date after this era from the Neolithic times (relating to the later part of the Stone Age, when ground or polished weapons and utensils prevailed). This period, which saw the introduction of agriculture and domestication of animals, was sometimes called the Neolithic Revolution, turning people from being dependent on nature to controlling it at least partially and indirectly. This change led to the establishment of settled communities, accumulation of food and wealth and heavier growth of population. The emergence of the village brought something new to lives of the primitive people. It introduced the necessity for mutual responsibility and cooperation. Social organizations and planning resulted from this need. This led to the establishment of settled communities and eventually cities. With the passage of time, growth of cities became more intense because of the search for better amenities and a hope for a better life, leading to increased population in the urban areas. Urbanization is not a recent phenomenon. Babylon (600-400 BC) had an estimated population of 350,000, Rome (150 BC-350 AD) reached 1.1 million inhabitants and the population of Angkor (900-1100 AD) in Cambodia was 1.5 million (Ljung and Tannerfeldt 2005). Worldwide urbanization, however, started in the twentieth century. While the developed countries were already highly urbanized by the 1960s, most developing countries were just starting the process. One result of urban growth is the urbanization of poverty. A significant and increasing proportion of the growing urban populations are living on low incomes.

Rapid urbanization and urban growth have placed immense pressure on the resources of national and local governments. Few have been able to meet the increasing need for planned urban housing and services. The result is that the urban poor around the world have found their own solution in various types of slums and unauthorized squatter settlements. Ironically, these often reflect the socio-economic and cultural needs of low-income communities. Asia accounted for nearly 60 per cent of the world's squatter and slum population with 581 million in 2005 (Tibaijuka 2006). Sub-Saharan Africa

constituted 20 per cent of the world's total and Latin America 14 percent. At the global level, 30 per cent of all urban dwellers lived in squatter or slum settlements in 2005, a proportion that has not changed since 1990.

Figure 1.1: Slum population and urban population growth in the world (1976-2006)



Source: Moreno and Warah 2006

It should be perceived that fundamental bottlenecks to sustainable urban development are not necessarily lack of technology or funding but local implementation, governance and appropriate policies. Urban problems have to be recognized as serious threats to the well being of the urban residents. Although Nepal is in a comparatively early stage of urbanization, with 14.2 per cent of the population urban in 2001 (CBS 2003c: 180), taking a settlement of more than 10,000 as urban, the growth in urban population of an average of 6.65 per cent is the highest in the regional context. The 2005 estimate indicated the urban population as 16 per cent. Population census is taken after every ten years in Nepal. Physical decay has eaten deeply into the urban community because of unchecked urban growth. It undermines civic pride and intimidates municipal competence. Joshi (2003) indicated that there are shortcomings in planning in Nepal. As there are many things to be covered, ones that are more difficult are likely to be left out. It is perhaps a revisit to these theories that will give new visions and will make planning

works more relevant. Cities and urban areas are at the forefront of socio economic change. Half of the world's population is now living in urban areas, which have become centers of innovation and engines of growth and development and are the key to social, economic and environmental development. However, in contrast, many cities especially in the developing countries represent today the most alarming concentrations of humanity and poverty. It is estimated that there are about one billion urban dwellers living without adequate shelter. In 2001, 31.6 per cent of the world's urban population lived in slum and squatter settlements (Ali 2006).

With this broader perception, the phenomenon of unplanned urbanization may be said to be seen as a process and a product. Housing and planned land management for all segments of the society should be incorporated, as an important integral component in achievement of minimum basic needs. Schumacher (1973: 143) stated that if a study is made on how a society uses its land, reliable conclusions as to what its future would be could be made. In this context, the author questioned:

What is the typical condition of the poor in most of the developing countries? Their work opportunities are so restricted that they cannot work their way out of misery. They are underemployed or totally unemployed, and when they do find occasional work their productivity is extremely low. Some of them have land, but often too little. Many have no land and no prospect of ever getting any. They are underemployed or totally underemployed, and then drift into the big cities. However, there is no work for them in the big cities either and, of course, no housing. All the same, they flock into the cities because the chances of finding some work appear to be greater there than in the villages where there are nil.

1.1 UNDERSTANDING URBANIZATION TRENDS

A conference was convened by the United Nations (Habitat I) in Vancouver in 1976 as governments began to recognize the consequences of rapid urbanization, especially in the developing world. Demographically, the term urbanization denotes redistribution of populations from rural to urban settlements. At that time, urbanization and its impacts and consequences were not given much attention when two thirds of the world population was still rural. But after that period, the world started to observe the greatest and fastest migration into urban area in history. In 1976, only one third of the

world's people lived in urban areas. At present, one-half of the world population lives in urban areas and is expected to continue to grow to two thirds by 2050.

The urban population of Nepal refers to the inhabitants residing in the designated municipal areas. Nepalese municipal town is defined primarily in terms of population size. In 1952, ten towns were defined as municipalities with a population of over 5,000 (Pradhan 2004:39). The 1961 census provided the first formal definition of an urban area, which designated sixteen municipal towns having a population size of 5,000 together with additional facilities for education, market, administration, communication and production. (CBS 1967).

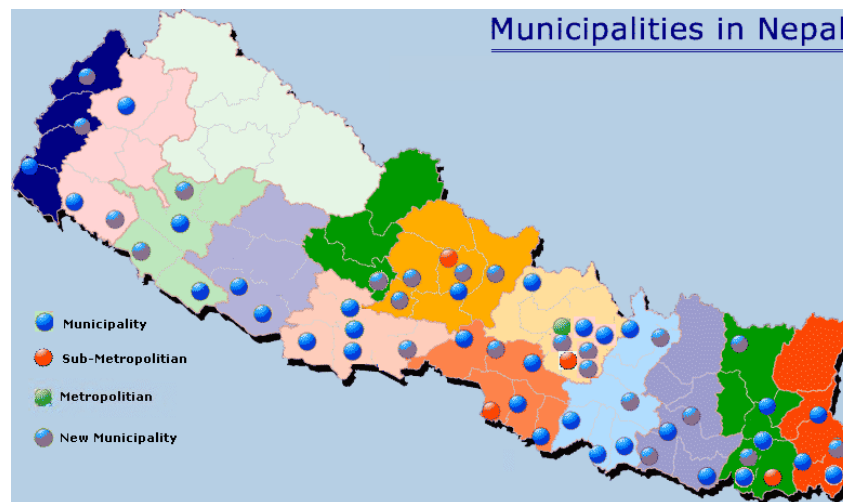
The *Nagar Panchayat* (Municipal) Act 1962 officially designated *nagar panchayat* for the selected urban areas, which became an urban administrative unit. Since 1962, the urban area is interpreted as a local self- government unit rather than a settlement unit per se. The act stipulated a population size of 10,000 and over for a locality to receive a municipal status and accordingly, not all urban areas designated in 1961 received municipal status. Based on the population size set by the act, sixteen urban localities were classified as *nagar panchayats* in 1971.

The population size necessary for a *nagar panchayat* was changed again in 1976 (Pradhan 2004:40). The minimum population size was fixed at 9,000. This was done to provide municipal status to all regional and zonal headquarters of the country. The 1981 census classified twenty-three urban areas as *nagar panchayats* with a population of over 9,000. By 1983, six new *nagar panchayats* were added bringing the number of urban areas to twenty-nine. The number of designated municipal towns reached thirty-three in 1991.

The Municipality Act 1992 changed the nomenclature of designated urban areas from *nagar panchayat* to *nagarपालिका* or municipality. In 1994, the designated urban areas of Nepal were classified into three levels: metropolitan, sub-metropolitan and municipality based on population size, annual revenue and services and infrastructure.

By 2001, the designated urban areas of Nepal totaled fifty-eight. (See Appendix 14). In addition to the fifty-eight municipalities, there are more than a hundred and thirty two service centres for the rural areas (NPC 2002: 410). The 2001 census has provided information on area of all urban places for the first time. The area of all fifty-eight urban places is 3276.28 square kilometers, making up 2.23 per cent of the country's total area. It was found that the process of designating urban areas in Nepal exhibited some peculiarities. The population size appears to be the single most dominant criterion to define urban areas, which too is often changed. Other criteria such as population density, occupational structure have never been used in designating urban areas. Urban areas have a relatively higher growth rate of population than villages, which is mainly due to the continuous migration flow; and as a result, it needs to be stressed that there has occurred a rapid increase in urban population density and haphazard growth of urban settlements, growth of slums and squatter settlements, urban poverty and inadequate facilities. It was found that urban areas have posed big problems in most cases.

Figure 1.2: Municipalities in Nepal



Average number of rooms per household is 3.7 in the country (CBS 2004: NLSS I: 28). The rooms usually lack adequate number of windows for light and ventilation. It was also revealed that there is a fairly high degree of indoor crowding with an average of 5.3 people per household in Nepal (CBS 2003b: 198) and 5.83 in Kathmandu valley (CBS 2002f: 9). Average surface area of a dwelling in Nepal is 531 square feet and average area of the housing plot is 1,473 square feet; in Kathmandu valley, it is 589

square feet and 1,162 square feet respectively (CBS 2004 NLSS I : 37). According to the 2001 population census, there is an average of 1.16 households in a house in the country and an average of 1.52 households in a house in urban areas (CBS 2003c Vol.I: 184). (See Appendix 3 for summary statistics). Basic services are poor, for example, only 21 per cent of the population has access to sanitation as against 30 per cent in Bangladesh and India and only 71 per cent have access to safe water.

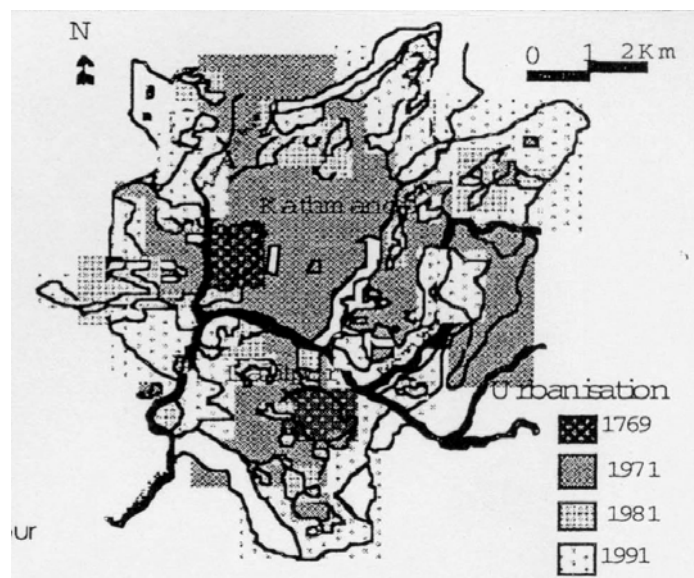
Current land use, particularly in the urban areas of the valley, is unregulated and unscientific. This is a major concern for urban planners. The poor are being pushed out to the outskirts and the marginal lands. Access to land, water, electricity, approach road is getting more and more difficult. Urban planning provisions need to be tuned to the requirements of the weaker sections in urban areas through adoption of appropriate and affordable policies. The feeling that urban planning ignores the needs of the urban poor must be dispelled through effective action to meet these needs. There are serious differences in urban infrastructure because of the rapid growth of urban population and low investment in urban development. In an environment where the poor are ignored and exploited, there is a major role for institutions in the field of urban services such as water supply, health, education, sanitation, legal protection and employment generation to carry out. The understanding of the programs, their objective and modalities relating to implementation has been weak and ineffective, leading to inaction in many areas that are of vital concern to the urban poor.

Migration is another critical problem that the cities of Kathmandu valley are facing. Large numbers are migrating to the cities and towns in general and to Kathmandu-Patan areas in particular, in search of employment and a livelihood. Housing occupants are broadly categorized into owner, renter and rent- free. In Nepal, although 91.6 per cent of the households in Nepal reside in their own housing units and 5.4 per cent are renters, 24 per cent of households in urban areas pay rent. However, the proportion is 33.1 per cent in the Kathmandu valley. Only 62.5 per cent of the households in Kathmandu valley live in their own house (CBS 2004: NLSS I: 28).

After the end of Rana rule in 1951 which lifted the policy of restricting entry into

the valley, it witnessed an influx of foreign aid tripling with each decade, opening up of highways linking it to the Indian (1956) and Tibetan borders, beginning of air services which resulted in the growth of commerce and tourism and establishment of industries (particularly carpet and garments) in the late 1970s and during the 1980s. All of these factors have contributed to the rapid urbanization in the Kathmandu valley. In addition to these, natural disasters causing loss of properties and homes, environmental degradation and low socio- economic development outside the valley have also attracted huge population into the Kathmandu valley for better income opportunity, education, health, safety and other services. Instead of regulating this trend of urbanization, successive governments in the past adopted centralized policy and concentrated development projects in the valley.

Figure 1.3: Population growth and urbanization trend in the Kathmandu valley



Source: Shrestha 2003

As per a projection of a Kathmandu Valley Town Development Committee study, the total population of Kathmandu valley is expected to grow to 2.02 million in 2011 (KMC/The World Bank 2001). See Appendix 16. Migration has been a major source of population increase in the Kathmandu valley. Large-scale migration has been observed after the 1960s because of government policies, which tended to centralize services and economic opportunities within the valley. A study conducted by the The World Conservation Union (1995) affirmed that in 1981, migrants comprised 11.1 per cent of the valley's urban population. In 1991, migration had accelerated with migrants

constituting 19.4 per cent of the urban population. The study also estimated that migration accounted for 37.5 per cent of the population growth of the valley during 1981-91, whereas it accounted for 52 per cent of the population increase of Kathmandu Metropolitan City during the same period.

Table 1.1: Migration into cities of Kathmandu valley

City	1981	%	1991	%
Kathmandu	29,127	78.4	83,511	83.7
Lalitpur	6,397	17.2	14,787	14.8
Bhaktapur	1,610	4.4	1,439	1.5
Total	37,134	100	99,737	100

Source: KMC/The World Bank 2001

At present, urban areas in Nepal are expanding at an annual rate of 4.4 per cent. Density in Kathmandu valley is very high. It was 13,586 people per sq. km. in 2001 compared to the national urban average of 164 people per sq. km. (CBS 2003c Vol. I, Sharma: 396). The population density of London is 4,539 people per sq.km. and that of Delhi is 11,463 people per sq. km (RGCC 2008). Total valley area distributed between Kathmandu, Lalitpur and Bhaktapur, the three metropolitan areas of the valley, are 55 per cent, 26.2 per cent and 18.8 per cent respectively. The urban areas in the valley have been classified into three categories: a) residential areas, b) residential and commercial areas and c) industrial areas excluding brickyards. The combination of the three categories covers 8377.6 hectares, which is 13 per cent of the total area of the Kathmandu valley. Riverine features occupy 582.5 hectares whereas the airport and ponds cover 336 hectares (MPEP/ IUCN 1999). The post 1950 Kathmandu valley experienced a rapid functional expansion, with opening up of the highways, air services and increased developmental activities. Migration from outside the valley grew. Consequently, its dominance increased while the importance of other towns outside the valley declined considerably. At present, the Kathmandu valley is undergoing an urban explosion rather than a managed urban growth.

Another unforeseen development of the unplanned urban expansion in the valley

has been the marginalization of the urban poor. The low-income people such as labourers and hawkers live either in slums and squatter settlements or in small rented rooms. The slums are found to be generally inhabited by low caste people, whereas the squatter settlements are more heterogeneous. From the growth of one squatter settlement in 1968, it had grown to 63 in 1999 (SPSH, no date), most of which are located in Kathmandu. It was found that there have been negligible efforts in the past to address the issue of housing for the low-income people. This phenomenon needs to be addressed timely before it reaches alarming proportions.

1.2 THE PROCESS OF URBAN GROWTH

Eisner and Gallion (1984:3) defined urbanism as a concentration of people in a geographic area who can support themselves from the city's economic activities on a fairly permanent basis. It is with this concept in mind that the phenomenon of migration takes place, and eventually, to such an extent that the city can no longer cope. This leads to unplanned urban growth and the early signs of unplanned urbanization emerge: the traditional height of two or three stories changes to seven or eight; upper floors start to project.

What is a city?

It is only in recent history that have people gathered in densely populated and highly structured settlements called cities. The first cities were established about 5,000 years ago. However, it has only been in the last 200 years, with the advent and spread of industrialization and with the global population rising at an exponential rate that cities have grown significantly in size and number. At the start of the twentieth century, only about one person in ten lived in a city, but today the proportion of urban and rural dwellers is approximately equal. By 2025, it is estimated that nearly two-thirds of the world's population will live in urban areas. To take for example, in the 16th century, London had a population of about 45,000 and was largely a collection of slums grouped along the Thames River. By 1600 the population had grown to 200,000, by 1800 it had reached 1 million and in 1900, 6.5 million. In 2001, it was 7,172,00. In Britain, between 1831 and 1931, the proportion of the population living in urban areas rose from 34 to 80 per cent. It is 89 per cent at present.

Many people are ambivalent about cities, believing that they embody the best aspects of civilization. On one hand, the diversity of people and activities encourages innovation and creativity, which in turn creates opportunities that attract more people. On the other, problems of overcrowding, crime, poverty and pollution start appearing. Cities and urban areas, therefore, have come to reflect the hopes and fears of the modern world. The definition of an urban area, as distinguished from a rural area, differs from country to country. While most demographers would accept that cities are large and densely populated built-up areas, there is little agreement about how to define 'urban', using objective measures. Most countries use a combination of criteria: typically population size, population density and the extent of the built-up area. However, few countries use the same measurements. In the United States, for example, census takers regard urban areas as those with at least 2,500 people- in the United Kingdom the figure is 1,000 (Eisner et al 1993) and in Nepal, it is 10,000.

In economic terms, all cities are similar in the variety of functions, such as manufacturing, retailing, and services that they provide. These functions are the economic base of a city generating employment and wealth. The larger the city, the more numerous and highly specialized its functions are likely to be. By contrast, smaller cities and towns have fewer functions, which tend to be of a more general nature. There are several reasons for the concentration of a variety of functions in cities. The large pool of urban residents sustains the demand for specialized functions. The agglomeration of related activities and services save time and money. A country is said to become more urbanized as its cities grow in number, its urban populations increase in size and the proportion of its population living in urban areas rises. The degree of urbanization varies across the world but generally reflects the wealth of individual countries. The industrialized countries tend to be the most highly urbanized. In the Netherlands, for example, 89 per cent of the population is urban, compared to only 13 per cent in Ethiopia, a much poorer country. However, as a result of large-scale migration from rural areas and a natural increase in the urban populations themselves, the populations of cities in the developing world have been growing rapidly. The urban portion of the population in China has risen from 20 per cent in 1960 to 39 per cent in 2003.

One of the most noticeable features of urban growth in the twentieth century has been the rapid increase in the number of very large cities. Before 1800, cities with more than a million inhabitants were rare. Since then, however, the number of such cities has risen steadily. In 1900, there were 13 cities with more than a million inhabitants, and by 1950 the number had grown to 68. Will the cities in the future be able to withstand the pressures that accompany rapid and often unplanned growth, or will they be overwhelmed by problems such as the deterioration of infrastructure and environment? As the urban population increases, existing cities would require careful planning and appropriate policies. The level of economic development and urbanization levels usually marks the difference between rich and poor countries. The following table lists a select series of countries, ranked from low to high by their level of economic development. This shows the structural difference between agrarian and non-agrarian production, levels of urbanization, and the higher quality of life measure (life expectancy at birth) that distinguish the rich from poor countries.

Table 1.2: Economic development in cross sectional analysis

Country	GNP/cap US\$		% GDP from agriculture		% labour force in agriculture	Urban per cent		LE	
	1993	2003	1993	2003	1993	1993	2003	1993	2003
Malawi	200	160	39	38.4	87	13	16	45	37
Nepal		270	55.5	39.5	Na	9.17	14.2		59.8
India	300	560	31	22.2	74	26	28	56	64.3
Zambia	380	420	34	22.8	52	42	35	48	39.7
Philippines	850	980	22	14.5	46	52	61	67	69.9
Thailand	2,110	2,310	10	9.8	66	12	32	69	71.6
Malaysia	3,140	4,190	10	9.7	31	52	64	71	72.2
U.K.	18,060	30,250	2	1	2	89	89	75	78.4
France	22,490	29,410	3	2.7	6	73	76	75	79.6
U.S.	24,740	37,650	3	1.6	3	76	80	76	77.7

Source: The World Bank 1995, 2003

In the context of Nepal, Joshi (1997: 70-71) stated that urban scenario is changing very fast and the need for appropriate approaches to deal with the urban challenges arises. The author questioned how can the good intentions and outcomes of the planning process based on consultative mechanisms be transferred to the action level before they become

obsolete or irrelevant? To what extent, does the process educate the government, political leaders and decision makers'?

Although Nepal remains one of the least urbanized countries with 14.2 per cent urban population in 2001, the present state of urbanization and urban development manifests distinctive characteristics and problems that demand attention. Urbanization is a recent phenomenon in Nepal, which is reflected from the comparatively low level of urban population and few numbers of designated urban areas. Urbanization level in other countries are United States of America 80 per cent, Norway 78 per cent, Japan 65 per cent, Thailand 32 per cent, Pakistan 37 per cent, India 28 per cent, Sri Lanka 24 per cent and Bangladesh 25 per cent (MHHDC 2003). However, the rate of urban growth in the Nepal has been faster in the recent decades. The ratio of urban population to total population has increased progressively and always exceeded the national population growth rates throughout 1952-2001 (Figure 1.2). Prior to 1952, no data on urban population is available. During 1952-1961, the average annual growth percentile of urban population remained to be 4.6 as compared to an average annual growth percentile of population of 1.56 for the country as a whole. It is estimated that the urban population of Nepal will reach 24 per cent of the total population by 2011 (NPC 2002: 410). While the nature and form of urban development may be debated, the fact that urbanization will be an integral part for Nepal's social and economic development cannot be understated.

Migration is an economic phenomenon in the sense that the prime driving force is the search for better income. Other factors may contribute but are secondary. Migration is the main contribution to rapid urban growth of urban population in Nepal. The 2001 census had indicated that 2.93 million people were migrants. Rapid urban growth together with an inadequate government response has led to the proliferation of unhealthy poorly serviced infrastructure deficient settlements. These migrants have no access to utility facilities and urban services. It is mostly the urban poor who are forced to settle in these areas, and who suffer most from the prevailing unhealthy and unsafe conditions. Efforts for urban poverty reduction have grossly been neglected. Nepal is witnessing an increasing rate of migration to large urban areas. In this background, migration can be

regarded as a dynamic response to changing economic realities and is, in itself, a positive contribution to economic development in urban areas. Barriers to urbanization and migration could be barriers to economic development.

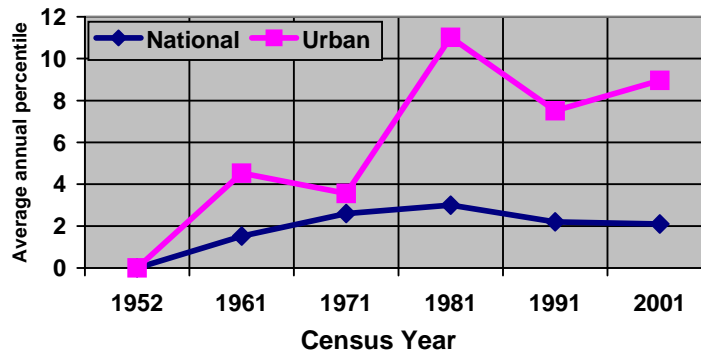
Table 1.3: Total population, urban population Nepal (1952-2001)

Census Year	Number of urban areas	Urban Population	Total Population	Urban population as per cent of total urban total
1952	10	238,275	8,256,625	2.89
1961	16	336,222	9,412,996	3.57
1971	16	461,938	11,555,983	4
1981	23	956,721	15,022,839	6.37
1991	33	1,695,719	18,491,097	9.17
2001	58	3,227,879	23,151,423	14.2

Source: CBS Census Reports

In 1952, the population of Nepal was 8.3 million and had increased to 23.2 million in 2001. During the same period, the population of designated municipal towns increased more than thirteen times (Appendix 15). Likewise, the number of designated municipal towns increased from ten in 1952 to fifty eight in 2001. The proportion of urban population also rose from 2.89 per cent to 14.2 per cent during the same period (Table 1.3). Urbanization in Kathmandu valley, excluding the core urban areas, began in the mid 1950s. It accelerated after 1970s.

Figure 1.4: Growth of urban population in Nepal



Source: Various Nepal censuses

Several factors are responsible for the growth of urban areas in Nepal. Overall, the annual growth rates of population in Nepal have remained around two percent since 1961, but the average annual growth in urban population was 6.65 per cent in 2001, the highest in the south and south east Asia region. The urban growth rate in the country is very rapid and has always exceeded the national population growth rate. (Figure 1.4). Obviously, increase in the number of urban areas is one of the factors of growth of urban population in the country (Appendix 15). Further, extension of boundaries of most urban areas by merging adjoining rural areas into them has also accounted for part of the rise in urban growth rates. It was found that the annual growth rates of population of urban areas have been increasing consistently above the national average in population in all census years since 1952. It was revealed that the rapid growth of urban population is mainly due to in-migration of population and partly due to natural growth of population and boundary expansion.

Table 1.4: Growth rate of urban and rural populations 1952/54- 2001

	1952/54- 61	1961 – 71	1971 – 81	1981 – 91	1991-01
Urban population	4.4	3.23	7.55	5.89	6.65
Rural population	1.56	2.03	2.4	1.79	1.72
Total population	1.65	2.07	2.66	2.1	2.27
Urban- rural Growth differential	2.84	1.2	5.15	4.1	4.93

Source: CBS 2003c

According to the concept and definition used in the population censuses 1991 and 2001, a house refers to a structure which a household is using it as a shelter and which is closed or surrounded by walls made of any material such as mud, wood planks, bricks or stone. In the population census, houses are divided into four categories based on types of construction materials used in walls and roof. These categories are: *pakki* (permanent), *ardha pakki* (semi permanent), *kachchi* (temporary) and others. *Pakki* house refers to that with both walls and roof made of permanent construction materials such as cement, bonded brick, concrete, slate, tile or galvanized sheet. *Ardha pakki* house belongs to the category where either the wall or the roof is constructed with permanent materials and the other is constructed with temporary materials. In *kachchi* house, non-durable materials like wooden flakes, bamboo, straw/ thatch or unbaked bricks are mainly used in both walls and roof. Other category of house includes a very temporary type of residential unit that is made of plastic sheet, bamboo or packing wood. The majority of the housing need in Nepal is fulfilled through informal means (Pokharel 1999). The owner builder makes his own decisions during the construction process. There is a provision in the municipalities for the owners to have the designs of their house approved by the municipality office. Private owner built houses constitute 98 per cent of the total houses.

Table 1.5: Percentage of household by types for urban/ rural residence (2001)

Type of house	Nepal	Urban	Rural
<i>Pakki</i>	36.6	68.2	30.6
<i>Ardha pakki</i>	29.2	16.1	31.7
<i>Kachchi</i>	33.5	15.2	36.9
Others	0.7	0.4	0.8
Total percent	100	100	100
Total number	3,598,212	436,533	3,161,679
Average household per house	1.16	1.52	1.11

Source: CBS 2002c

In Nepal, there were 3,598,212 total dwelling units in 2001. Out of that, only 436,533 or 12 per cent dwelling units were in urban areas (CBS 2003c Vol. I: 185). Table 1.5 shows the percentage of household types in Nepal.

This *mandala* directed the land use planning and determined the location of each use types. Accordingly, a palace or main temple was located at the centre, surrounded by middle class housing. These areas were in turn surrounded by lower class housing, followed by interspersed temples at the perimeter. The whole of these land uses were surrounded by agricultural land. For the followers of the Hindu philosophy, every person passes through specific stages in life- child, adult and old person. In the adult stage, he must work hard for a living, including owning a shelter (*karma*). There is, therefore, a high priority given to devoting income to the construction of a house. Hindus believe that the human body is made up of five elements (*pancha tatwa*), of which one is land. There is thus a strong sentimental value attached to land and house ownership, particularly for residential purposes. 'My house is my temple' has been the religious norm for the Hindus in Nepal. Every morning, most Hindu families worship Gods/ Goddesses in their *pooja* room. For spiritual purity, households prefer to do *pooja* in their own houses.

(b) Societal values: Normally a house lasts for more than a single generation. People believe that houses and children represent the continuity for him/ her even after death. Within the Nepali society norms, a man is not considered a human being if he has not built a house. This corroborates with Hamdi's (2004:5) view that very often the value of a house is taken as a social honour.

(c) Socio-economic concerns: Nepali families have a strong motivation to save. Obtaining housing is seen as a one-time activity, and all resources possible are devoted to it. Families mobilize other assets, borrow where possible, and engage family help in kind in order to obtain land and housing. Families put their savings into land purchase and housing construction. This is due to the fact these investments are considered safe. The house is often the base for a multi generational extended family with income coming from a variety of activities both inside and outside the house. It can be seen that access to a dwelling is very important for a variety of reasons. Shelter then is a basic necessity, which people themselves will do their utmost to obtain.

What is housing? Housing is not merely the physical case, but it contains the complete range of services: water, sewerage, drainage, power, telephone, circulation and social framework in terms of education, health, security, justice and recreation (Gupta

1995). Ljung and Tannerfeldt (2006:53) wrote that the issue of housing is obviously not only a matter of houses, but includes the basic infrastructure of a neighbourhood as well as services and other amenities. In this context then, the perception of a house can be many things in its meaning and significance to those who live there: it can be a place to sleep on a pavement; it can be a small hut standing illegally on public land built in decrepit ways; it can be a crowded tenement where rents are paid to owners or it can be an expression of affluence for the rich.

For the ordinary person, a house is a building with a kitchen, a bathroom and bedrooms. It will be built sturdily enough to withstand natural elements. Some of the housing in Nepal's cities fits this sort of description. However, many city dwellers do not live in such places. Some of the poorest are housed in a space on a pavement, near to their low paid work. Others will have a roof and make shift walls set in a wasteland along riverbanks. Often the housing will be an illegal structure in the sense that the occupants will have no legal title to the land. Many of the tenants would like to secure tenure and legality, but this is beyond their means. Other poor people may rent a room in dark and squalid tenements. From a concern for social fairness and economic efficiency, housing requires a solution to questions of provision of capital and credit and accessibility to housing finance for low-income households.

The owner makes his own decisions in the construction process. Except for squatter settlements and other forms of institutional housing, such as housing for defense personnel, government employees, student housing in academic institutions, staff housing in the industrial sector and private housing initiatives, all housing is produced by owner builders. In the process, families directly acquire the land, organize and manage all aspects of housing construction, and are the end users of the housing product. Owner builder households also reflect national characteristics in terms of types of occupations, household size and number of families working.

The owner builders' efforts at housing production are characterized by high degree of informality, in that decisions are very individualized and do not depend on institutions. It means that the owner builder makes his own assessments, supported by advice from friends and neighbours. Building materials suppliers and small builders are contacted on a personal basis. Further more, the owner builders, especially the poorer ones, tend to do as much as possible by themselves to keep costs down and prefer to purchase, transport, store materials, and organize construction and pay workers on their own.

Squatter housing

Squatter housing is defined as housing built on unclaimed land where land title does not belong to the builder of the structure (MHPP 1992). In Nepal, this means basically housing built on various forms of public land in both urban and rural areas. Squatting on private land is extremely rare. Another form of squatting in Nepal is the occupation of public buildings, religious and government ones being the most common in Kathmandu. The increasing and steady growth in urbanization has led to the development of squatter settlements/ slums in the urban areas in Nepal. Increasing house rent and price of land for housing in urban areas have encouraged the poor section of the society to squat in whatever vacant public land or open space available in and around the urban areas.

The debate over squatting continues in Nepal. The conservative view is that squatters are opportunists who are not at all destitute and have land elsewhere. The liberal view is that squatters are being forced by economic and other circumstances to invade public land because there is no other legal alternative available to them, either to house themselves or to afford a livelihood. Who are these who seek land for squatting? Are they opportunists, or are they those with no other shelter alternatives? Or, are they both? What kinds of people are squatters? Where do squatters come from?

Figure 1.6: Jagriti squatter settlement, Kathmandu ward number 34



Squatter housing is in general of poorer quality than other tenure types and national averages- in terms of size of dwelling unit, crowdedness, materials used and availability of facilities. The squatter expends considerable efforts to house his family. Squatters rely on roughly the same sources of finance for construction as do owner builders, except that they have almost no recourse to access to financing.

1.3.1 SHELTER COMPONENT: LAND

Land is an important element of the housing process in any country, and in Nepal, it could be considered the most important. Without land, the vast majority of Nepali families cannot even hope to acquire their own dwellings. With land, their shelter future is relatively bright, no matter how long it may take and whatever financial and other obstacles they face. Land, in a predominantly agrarian country like Nepal, is primarily an agriculturally productive good. Yet, land is very dear to Nepalis for more than agricultural reasons. Hindu culture puts emphasis on land ownership; and particularly in the case of urban land, it is the family's most important capital good. It is an asset which will, better than any other investment, preserve its value over and above inflation, and it is something that can be converted or passed on to children for whom in many families is an otherwise uncertain future.

Forms of land tenure

Lands within Nepal can be broadly categorized into:

(a) Private land: Prior to 1959, most land in Nepal was held under *Birta* tenure. Under the *Birta* tenure system the holder of the land was considered the ultimate owner of the land, and was therefore not subject to state taxation or expropriation. In 1959, however, all *Birta* lands were converted into *Raikar* land. All forms of private land ownership were classified as *Raikar* lands. Under *Raikar* tenure, the state is considered to be the ultimate owner and, upon receipt of land revenue, confers the right of ownership to a person. The landholder can exercise full rights of freehold- possession or disposal, as long as he pays the land revenue. At present, this is the most dominant form of tenure; all the privately owned land in Nepal is *Raikar* land. The constitution of Nepal states that the right to property is a fundamental right. Private land ownership may be personal or joint family. In joint family, all members have equal rights, and disposal can only occur if all agree in writing. Private land may also be held in a kind of dual ownership, where the tenant (possessor) and titled owner (landlord) both have rights and obligations as set out by law.

(b) Public land: Public land is defined by default: it includes all land which is not legally owned or controlled by any person or authority. Ponds, riverbeds, roads, parks, forests, squares, wasteland and the like form public land. Ultimate authority over such land lies with the government, and their care is the responsibility of the appropriate local authority. Land that is registered in the name of the government or any ministry, department, agency or institution under the control of the government is considered government land. There is no law, which restricts the proprietary right of the government over such lands, and the government may use or dispose of it at will. Public sector corporations, created by various acts, for example the Nepal Water Supply Corporation, have been given legal provisions that allow them to acquire, use and dispose of their lands. However, their functional ability to deal in land is determined by government policy. Local self-government land is land registered in the names of bodies as the Town Development Committees, Village Development Committees and municipalities. They can acquire and use such land, but before disposing of them, they require government approval.

(c) *Guthi* lands: There are two types of *guthi* land. The first, private *guthi* land, is land dedicated to religious or charitable purposes, and is registered in the name of the *guthi* (charitable trust) or its members to which it is dedicated. Private *guthi* land cannot be disposed of by any means, and its yields must be dedicated to charitable use. The second is *Guthi* Corporation land. This is land owned by the *Guthi* Corporation whose rents/ yields go to the Corporation. Land owned by the *Guthi* Corporation may be sold, but only after prior approval of the government. *Guthi* land forms 6 per cent of total arable land in Nepal (Basnet 2001) and 20 per cent of this remain fallow. This type of land has been historically under ownership of temples and charitable/ social welfare organizations. The government set up the *Guthi* corporation in 1976 to bring the management of different *guthi* lands under one institutional umbrella. It was found that unregistered tenants cultivate most of the *guthi* land. The output of this land is appropriated by a very limited number of people who control the institutions and temples.

1.4 URBAN GOVERNANCE

Three separate acts were promulgated in Nepal in 1992: the Municipality Act, the Village Development Committee Act and the District Development Committee Act. The Municipality Act has spelled out the organizational structure, responsibilities and functions of the municipality. However, considering various problems in empowering local bodies, the Local Self-Governance Act 2055 BS was promulgated in 1999. The act has given to local government units authority to formulate and prioritize planning activities in terms of resources available and poverty analysis in the local administrative area. The planning of the urban area covers a wide range of activities, which include social services, housing, education and health.

The municipalities (local government) in Nepal are given a number of urban management functions, but their capability is very limited due to various reasons. Although programs are designed to strengthen and improve their capabilities, much remains to be done. In Kathmandu valley, there is a multiplicity of agencies responsible for urban management.

1.5 SHELTER AND POVERTY

Shelter is defined as that set of interrelated processes whereby households gain access to land, buildings and associated infrastructure for residential use (MHPP 1992: 7). This definition of shelter involves (a) security of household assets and tenure for both the dwelling unit and land (b) protection from natural and manmade hazards (c) appropriate space for household activities and storage, including income generation and (d) clean water supply, sanitation, energy sources, drainage, roads and footpaths. In order that these basic housing needs may be satisfied for all income groups and that sustainable environmental conditions are achieved, the shelter processes will require support in the fields of policy making, strategic framework, housing finance, legislation, institutional organizations, community participation and construction technology.

A major task facing the housing sector in Nepal relates to the provision of adequate shelter to the poor. The urban poor have to solve a complex equation as they try to optimize housing cost, security of tenure, quality of shelter, journey to work, and sometimes, personal safety. In Nepal, increase in urban population is 6.65 per cent compared to the national average of 2.1 per cent. In 2001, national urban population was 14.2 per cent (CBS 2003), yet Kathmandu valley's share of urban population was 60.5 per cent. On one hand, a growing number of people live in irregular and substandard housing with inadequate infrastructure and services in urban areas; on the other, cities and urban areas increasingly contribute to the growth of the national economy. The contribution of the urban sector to the gross domestic product (GDP) in Nepal was 60.5 per cent in 2001 (KC 2004: 205) and in 2006, it was estimated to be 65.6 per cent; whereas the annual investment in the urban areas is only 2 per cent. A survey done by an international non governmental organization, The South Asia Alliance on Poverty Eradication, Kathmandu in 2003 (SAAPE 2003), revealed that growth in per capita income was highly skewed in favour of the non-agricultural and urban areas. This leads to the question why more efforts are not being made for urban capacity building? Investment in urban areas will reap rich benefits. Urban people have to be facilitated. However, a study of the housing areas in Nepal does not project a good image. It should be noted that the first

goal of the United Nations Millennium Development Goals is to eradicate extreme poverty by 2015 with two critical matters regarding housing for the urban poor: (i) security of tenure; and (ii) safe infrastructure with emphasis on water supply (UN-Habitat 2006:25).

In this context, the observation made by Gossaye (1997) is relevant. The author wrote that the rapid and complex process of urbanization associated with a lack of urban funds, particularly in developing countries, has expanded enormously the real housing problem for the urban poor. The author asserted that rapid urban growth results in a number of serious problems. These include high levels of urban unemployment and underemployment, extreme pressure upon urban services and infrastructure, congestion, pollution as well as vast spread of squatter settlements, ill supplied, if at all, with basic amenities and other forms of environmental deterioration.

Recent theories about urbanization show that despite the crisis and challenges it has, urbanization also has the seeds of hope within it; it depends on how the policies and strategies addressing these issues are made. It will be in the urban areas where there will be a possibility for best providing services to people, alleviate poverty and improve housing conditions. This leads to the deduction that urbanization should not only be looked as a liability but also be seen as an asset. It was found that global trends show urbanization and development have been synonymous concepts to the extent that higher levels of urbanization tend to higher levels of development.

In Nepal, the concern towards the fulfillment of basic needs have been laid down in the constitution. It is stated in the directive principles and the policies of the state in the constitution of Nepal that the state shall pursue a policy of raising the standard of living of the general public through the development of infrastructures such as education, health, housing and employment of the people. Problem of housing has been identified as a national problem that has to be alleviated. There is a need to find solutions towards alleviating it.

Having recognized the important role of dwelling units in the alleviation of poverty, the Ministry of Housing and Physical Planning Nepal in 1996 formulated the National Shelter Policy during the Eighth Plan (1992-1997) (MHPP 1996). The fulfillment of the shelter needs of all the families of Nepal was taken as a basic need. In the urban areas, additional requirement of housing units was projected at the rate of 5 per cent a year. It proposed to establish the role of the government as promoter in central and local levels in each component of the national shelter strategy. It stated that looking at the circumstances, fulfillment of the shelter needs has become a complicated problem for the majority of families, especially for the families with limited and low income. Low capacity of investment in means and resources required for shelter facilities is mainly due to poverty that exists as a major problem. Problems that exist in the urban areas which are due to internal migration, urbanization, increasing pressure of population, natural calamities and deteriorating environment are posing a serious challenge to the nation as a whole. Fulfillment of the shelter needs of all the families of Nepal is taken as a basic need. The issue of alleviation of poverty has been taken as a national objective in Nepal. Problems have been identified and the need to find solutions becomes evident.

It was found that in the case of Nepal's regional neighbour, the role of the government in addressing issues relating to housing is different from that in Nepal. India spends 4 per cent of its annual budget on housing and housing related facilities. Figures for Nepal are not clear. The Tenth Plan (2002- 2007) document had however set aside Rs 1.226 billion for the plan period (NPC 2002: 427) which was 0.05 per cent of the budget, however no allocation has been made for housing the poor. See Appendix 5. In this context, it is relevant to take note that the Housing and Urban Development Corporation of India earmarks 55 per cent of its housing portfolio funds for the economically weaker sections and low income groups (Planning Commission Government of India 2002, Vol. II: 622).

The first formal attempt to experiment with the community development approach in cities in India was the Urban Community Development project that started in 1958 (ibid.). The Environmental Improvement of Urban Slums scheme was started in 1972 to provide physical facilities in safe drinking water and sanitation. Following experiments with a variety of combination of schemes for employment generation, formation of beneficiary groups, training and community organizations, the integrated program of *Swarn Jayanti Shahri Rozgar Yojana* was launched in 1997.

Successful plans have been implemented in Sri Lanka. The Million Houses Program was implemented from 1984 to 1994. The program was initiated with the theory that there should be minimum intervention, maximum support by the state and maximum involvement of builder families (Gupta 1995:68). In Sri Lanka, the Million Houses Program was implemented during the period 1984 to 1989, and its successor the Million Five Hundred Thousand Houses Program was implemented during the periods 1989 to 1994 (Aliani 1996:107). In both, the two subprograms were the Rural Housing Subprogram and the Urban Housing Subprogram, targeted on the rural and urban poor respectively. It was found that the rural subprogram successfully provided shelter for 231,752 poor families at an average loan per completion of U.S. \$ 117. The urban subprogram similarly helped 33,564 poor families at an average loan disbursed per completion of U.S. \$ 194.

The central feature of both programs was the role of the poor in need of shelter. These people owned and managed the programs, with state and others serving as active supporters. Asian cities are embarking on a substantial transformation and there is evidence that often impressive economic growth has not benefited a very large and increasing low-income group. In the context of Nepal, the assumptions that have been taken are the lack of appropriate and efficient policies in housing, lack of initiative and lack of proper strategies. Based upon the above, it becomes relevant in the thesis to research the issues of urban poverty and housing in Nepal and search for means of solving them.

The findings of a survey carried out by the World Bank in 1999 (World Bank 2000) conceded that the government's role is crucial in the reduction of poverty related problems, but it also mentioned that the implementation of its policies have not been effective due to lack of good governance and centralized decision making process.

1.6 URBANIZATION TRENDS IN NEPAL

Urbanization refers to the process of growth in the proportion of population living in urban areas. The concept of urbanization has been related to specialization, industrialization and consequent economic development. There is a general consensus that the fundamental characteristic of urbanization is the structural shift in employment from agriculture to non-agriculture pursuits. Sharma (CBS Vol. I 2003) wrote that urbanization is often taken as a proxy for the level of development in general. The author affirmed that while the nature and form of urban development may be debated, the fact is that urbanization has to be made an integral part for Nepal's social and economic development. Urbanization and development have been synonymous concepts to the extent that higher levels of services and facilities that are possible with higher levels of income contribute to make urban areas with better levels of living. All development and economic indicators tend to be higher in urban than in rural areas. Past decades have witnessed a continuous and increasing rural to urban migration in Nepal.

Table 1.6: Origin of GDP in Nepal, 1990- 2000

	1990/ 91	1995/ 96	1999/00
	Per cent	per cent	per cent
Agriculture, forestry, fishery	55.5	35.7	39.5
Manufacturing	6	9.4	9.2
Construction	11.1	10.9	10.2
Trade, catering, hotel	12.9	11.8	11.7
Other	14.4	32.1	29.4
Total	100	100	100

Source: Ministry of Finance, 2002, Economic Survey 2001/2002

Economic development and urbanization are closely linked. Generally, countries with a high GDP and income per capita are more urbanized. One possible explanation of this positive relationship is that urbanization facilitates economic growth. An equally credible explanation is that economic development stimulates urbanization. In other words, urbanization could be seen as a consequence of but also as a requirement for economic development. In conclusion, it can be stated that urbanization in Nepal is an irreversible process. Internal factors and policies may temporarily speed up or slow down the pace of urbanization, but in the end, they will not make much difference.

In the last decades, the structure of the Nepali economy has changed considerably in terms of the origin of the GDP. During 1990/ 91, 55.5 per cent of the GDP originated in agriculture. In 1999/ 2000, this had come down to 39.5 per cent (Table 1.6). The GDP of Nepal was U.S. \$ 8.9 billion in 2006 and the GDP per capita for the same period was U.S. \$ 323.4. In India, the urban sector contributed 75 per cent to the GDP in 2002 (Virmani 2004: 57) and in 2006, it was estimated to be 82.5 per cent. For the same period, the contribution of the urban sector to the GDP in the United States of America and Japan were 98.7 and 98.3 per cent respectively. Non-agricultural occupations have grown in importance. It was found that the process of change in the economy has begun, and with it, the increases in the levels of urbanization.

Table 1.7: Growth in urban population and urban places in Nepal, 1952/ 54 – 2001

Census Year	Urban population in '000	Number of urban places	Per cent of population urban	Intercensal increase in urban population (per cent)
1952/ 54	238.3	10	2.9	-
1961	336.2	16	3.6	41.1
1971	461.9	16	4	37.4
1981	956.7	23	6.4	107.1
1991	1,695.70	33	9.2	77.2
2001	3,227.90	58	14.2	90.4

Source: CBS 2003 Vol.I

Urban population in Nepal reached 14.2 per cent in 2001 from 9.2 per cent in 1991 (Table 1.7). A town was identified as a settlement with a population of 5000 or over, with urban services like schools, administrative offices, transport facilities, etc. in the 1952 census. In 1962, the *Nagar Panchayat* (municipality) Act stipulated a population of 10,000 or over for an urban area to be eligible for *Nagar Panchayat*. Later, the Municipality Act of 1992 categorized urban areas into three categories: *mahanagarpalika* (metropolis), *upamahanagarpalika* (sub-metropolis) and *nagarpalika* (municipality) based on population and income (Joshi 1999).

The local Governance Act 1999 categorized urban areas into three categories: *Mahanagarpalika* (metropolis), *Upamahanagarpalika* (sub-metropolis) and *Nagarpalika* (municipality) based on population and income. The classification of the different urban centres in Nepal is:

(a) *Mahnagarpalika* (Metropolis): An urban centre with a minimum population of 300,000 and having a minimum annual income of Rs. 400,000,000, with all basic amenities of drinking water, telecommunication, metalled roads, health services, international athletic facilities, facilities for higher education and with a minimum of one university.

(b) *Upamahanagarpalika* (Sub-metropolis): An urban centre with a minimum population of 100,000 having a minimum annual income of Rs. 100,000,000, with all basic amenities of drinking water, telecommunication, metalled roads, health services, international athletic facilities and having a city hall

(c) *Nagarpalika* (Town): An urban centre with a minimum population of 30,000 having a minimum annual income of Rs. 5,000,000 with the basic facilities for electricity, roads, drinking water and telecommunication. However in the hilly and mountainous areas, population centres of a minimum of 10,000 population with a minimum annual income of Rs. 500,000 even without the facilities of roads are classified as *nagarपालिका* (Shrestha 2056 BS: 53).

In addition to the fifty-eight municipalities in Nepal, there are 132 small towns and market centres in the country (NPC 2002: 410) which have been playing the role of

service centres for rural areas. Total population of Nepal was 23,151,423 in 2001. Annual growth rate for the decennial 1991-2001 was 2.24 per cent. The national population density is 164 people per sq. km. compared to 32 people per sq. km. in the United States of America. Population density of Kathmandu Metropolitan city is 13,586 people per sq. km., Lalitpur Sub Metropolitan city is 10,758 people per sq. km. and Bhaktapur municipality is 11,058 people per sq. km. (CBS/ UNFPA 2002). The population density of London in 2001 was 4,539 people per sq. km. and that for Delhi was 11,463 people per sq. km. in 2007.

Figure 1.7: Administrative boundaries Nepal



Though the level of urbanization is still among the lowest in the world, the urban situation is rapidly changing. Between 1971 and 1981, the urban population increased by 107.1 per cent reaching 956,700 in 1981. By 1991, the urban population had reached 1,695,700. In 2001, urban population in Nepal was 3,227,900. The regional distribution of urban population is not even. The population census 2001 indicates that 49.7 per cent of the total urban population was concentrated in the Central Development Region, 19.3 per cent in the Eastern Development Region, 16.1 per cent in the Western Development Region, 7.7 per cent in the Far Western Development Region and 7.2 per cent in the Mid Western Development Region. The predominance of the Central Development Region in

terms of urban population is due to the fact the Kathmandu valley comprises of the four major towns of Kathmandu, Lalitpur, Bhaktapur and Kirtipur.

Nepal started its planned developmental efforts in 1956 (NPC 2002). Regional planning was incorporated in the Fourth Plan (1970-75), which introduced the concept of growth centers and growth corridors. Regional development was further emphasized through large investment on the development of infrastructure facilities in the five development regions during the Fifth (1975- 80) and Sixth Plan (1980- 85). A separate policy component on urbanization and habitation was included in the Seventh Plan (1985-90) for the first time. It recognized the need for influencing the urbanization process to enable it to achieve national economic development goals and objectives. However, it needs to be noted that the Seventh Plan did not explicitly state shelter as a component under the fulfillment of minimum basic needs, one of the key objectives of the plan. During the Seventh Plan period, institutional reform was made to address urban issues. Bodies like the Ministry of Housing and Physical Planning and Department of Housing and Urban Development were created. The Nepal Water Supply Corporation was established to look after the municipalities' water and sewerage matters. Town Development Committees were created for the implementation of local level urban and physical planning activities.

This was followed by the formulation of the Program for the Fulfillment of Basic Needs (1985-2000). This filled up the important gap through the explicit inclusion of shelter as a key component of the program along with health, education, food, clothing and security. It included several urban land development programs like the sites and services, guided land development, urban area upgrading and land pooling (Malla 1988). Realizing the need for a national policy on shelter, the government in Nepal formulated the National Shelter Policy 1996 under the Eighth Plan (1992-97). The main concepts of the National Shelter Policy outlined are:

- (a) Make proper arrangement and create favourable atmosphere as mentioned in the constitution of Nepal in order to fulfill the need of dwelling units in the form of a basic need of the entire people

(b) Need to recognize the important role of dwelling units in the alleviation of poverty and economic development in addition to the role of raising the living standard of the people

(c) Based on the principle of self-reliance, the government should act as enabler as well as facilitator for the fulfillment of shelter targets and the private sector should play an important role in formal and informal sectors.

Shelter is an important component in the National Shelter Policy 1996. Shelter has been taken as a point of entry into the process of national development, which is a good departure from earlier policies reflecting low priority given to the housing sector in investment plans and programs. It is relevant to clarify at this point the conceptions about the notions of housing, which provides the conceptual basis for the treatment of the subject matter. First, housing is more than four walls and roof; it also includes tenurial security, reasonable access to essential services (water, sanitation, roads, transport, education and health) and to employment. Second, the important distinction between the two notions of housing as a noun or as a verb is to be understood (Fichter and Turner 1972: 151). The adoption of the second, which implies that housing is more a process than a product, would lead to policy perspectives regarding the object of fulfillment of housing goals. The misconception regarding housing as a nonproductive investment seems to be a major bottleneck for the positive action and initiatives in the field of housing. Traditional process of planning did not accord the housing sector the recognition it deserves.

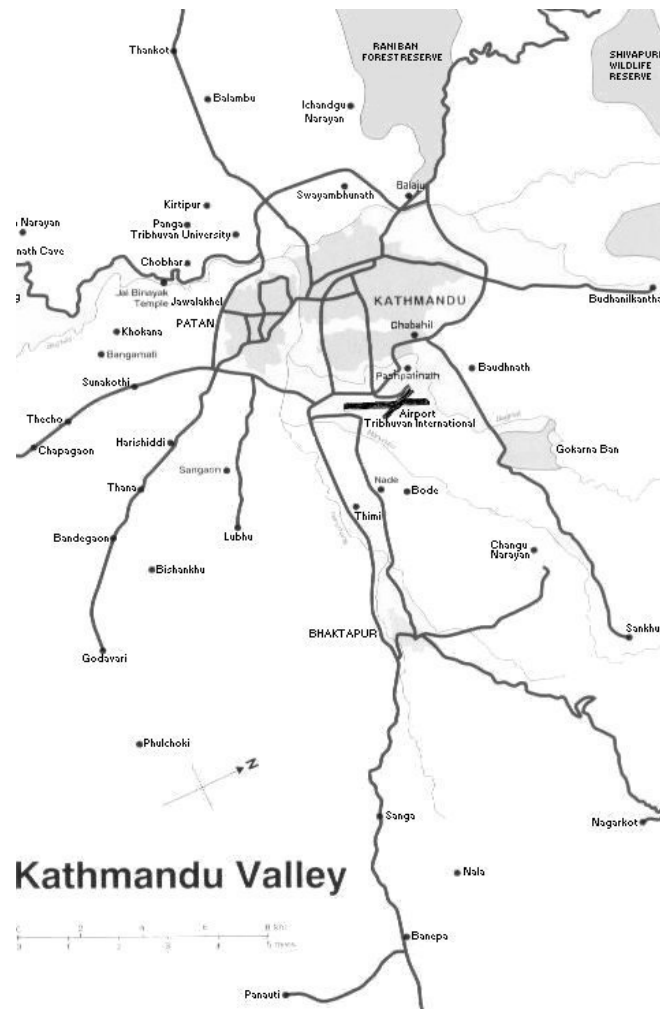
The Tenth Plan of Nepal (2002-2007) identified that the main objective of developmental efforts in Nepal was poverty alleviation. It revealed that as an initial step, the National Planning Commission of Nepal would undertake a Poverty Mapping exercise to identify the poor. It stated that work was underway to develop comprehensive institutional arrangements for measuring and evaluating the impact and outcomes of poverty reduction efforts. However, there is no mention about any plans or policies of housing the urban poor, which is one of the central elements in poverty reduction

program. Major poverty related developmental expenses category of Budget fiscal year 2002/3 of Rs 26.16 billion showed no allocation in this sector (Appendix 6).

1.7 PLANNED DEVELOPMENTAL EFFORTS IN KATHMANDU VALLEY

The urban infrastructure facilities in Kathmandu valley are far from adequate. The supply of adequate potable water is a major problem. The average per capita water availability for a household is less than 50 liters a day, against the theoretical requirement of 110 liters per day. Estimated water demand is 220 million liters per day, which far exceeds the supply of 160 million liters per day (THT November 3, 2007). Twenty nine per cent of urban households in Kathmandu have no water supply connection. Only twenty five per cent of the households in Kathmandu are connected to a sewerage system and seventeen per cent of the households in Kathmandu have no electricity connection. The urban environmental quality is gradually eroding due to several factors such as under investment in infrastructure, vehicle growth and lack of effective planning and regulations. Overall, the urban environmental condition is deteriorating and it is affecting all people, including the poor who suffer the most.

Figure 1.8: Map of Kathmandu valley (2008)



The urbanization of the Kathmandu valley started in the late 1950s due to opening up of roads and highways linking it to other parts of the country, internal migration and industrialization. The number of manufacturing establishments (with more than ten persons employed) had increased from 608 in 1976 to 2,142 in 1993 (MPEP /IUCN 1999). However, since the 1970s, growth has been rapid and unplanned. Land use in Kathmandu and Lalitpur has changed dramatically in the last two decades. The Kathmandu valley comprises of three districts Kathmandu, Lalitpur and Bhaktapur; one metropolis, Kathmandu, with a population of 671,846 (2001) and 152,155 households; one sub-metropolis, Lalitpur, with a population of 162,991 (2001) and 34,996 households; three municipalities, Bhaktapur, Thimi, Kirtipur and 114 village development communities. The population of Bhaktapur Municipality was 72,543 with 12,133 households, population of Thimi Municipality was 47,751 with 9,551 households and the population

of Kirtipur was 40,835 with 9,487 households in 2001. The population of Kathmandu valley including all the three districts was 1,645,091 in 2001 (CBS 2003a).

The chronologies of planned developmental efforts in Kathmandu valley are:

(a) 1969. *Physical Development Plan of the Kathmandu Valley*

This program was prepared in 1969 with the involvement of the Urban Programs of the United Nations by the Department of Housing and Physical Planning (Kathmandu Metropolitan City 2005). Study of situations of the prevailing time and future policies were proposed. It proposed that residential areas be concentrated in higher elevations and agriculture in the flood plains. Basic land use plan and building bylaws were formulated. To implement its policies, Kathmandu Valley Town Development Committees were constituted in Kathmandu, Lalitpur and Bhaktapur. The historic core city was designated as a special preservation zone. However, the plan was not formally adopted by the government.

(b) 1976. *The Kathmandu Valley Town Development Plan*

The 1969 plan was revised and by incorporating the proposed ring road, a Kathmandu Valley Physical Development Plan was prepared in 1973 (ibid.). The strategy lacked detail land use plan and backing data. Consequently, it was further elaborated in the form of detailed land use plans and accompanying regulatory measures to prepare the Kathmandu Valley Town Development Plan 1976, which was the first legally adopted planning document for Kathmandu and Lalitpur. It demarcated urban areas in various zones but these had not been translated into cadastral maps, which were the legal documents for land transactions and sub division.

(c) 1984. *The Kathmandu Valley Physical Development Concept*

Acknowledging the need to accommodate the growing urban population in compact planned settlements instead of allowing unplanned urban sprawl beyond the city limits and to overcome the shortcomings of the earlier plans, this plan attempted to revise the 1976 plan and introduce zoning regulations. Its main goal was to develop Kathmandu as an important centre of administration, trade and tourism. The plan was not officially endorsed and therefore could not be implemented.

(d) 1986. *Study of the Kathmandu Valley Urban Land Policies*

This study dealt with the geographical features, land use, land ownership and planned urban development. However, necessary steps were not taken toward the implementation of its policies. This program was prepared with the technical cooperation of the United States Agency for International Development.

(e) 1988. *Urban Development and Conservation Program*

This program was initiated by Kathmandu Valley Town Development Committee with its focus on prevention of urbanization by the flood plains of the rivers. The scheme defined the prohibited areas for development. A few programs of guided land development were introduced and applied

(f) 1991. *Kathmandu Valley Urban Development Plans and Programs*

This plan was prepared with the support from the Asian Development Bank. Its objective was to develop the Kathmandu valley as a government centre and as a centre of culture, tourism and historic preservation. The plan conceded the limited ability of the government to intervene in the developmental process by directing and regulating the prevailing growth trends, instead of opting for other strategic options such as satellite towns or growth corridor. Although the plan was not officially endorsed, many of the strategic recommendations of the plan continue to remain relevant.

(g) 1994. *Bagmati Water Management and Investment Action Plan Program*

Policies and plans for the conservation and development of the Bagmati river corridor were formulated. The programs contained therein have not been implemented. This program was carried out with the technical cooperation of the World Bank.

(h) 1994. *Revised Building By-laws for Kathmandu and Lalitpur*

The Kathmandu Valley Town Development Committee brought about greater regulatory control on building activities through the revision of building by-laws of Kathmandu and Lalitpur in 1994. Provisions were made in the by-laws to restrict development on land without road access. Building height control was replaced by floor area ratio (FAR). A revised land use map and land use regulations were also provided as attachments.

(i) 1995. *Study of Containment of Urbanization in the Kathmandu Valley*

This study was prepared as a joint effort of the National Planning Commission and The World Conservation Union (IUCN). The study presented the reasons for the degradation of the environment of the Kathmandu valley.

(j) 1999. *The Kathmandu Valley Mapping Program*

This program was launched with the technical and financial support from the European Commission. The program aimed to improve the planning and implementation capabilities of the Kathmandu Metropolitan Corporation by establishing an information system unit using geographical information system and data based management system.

(k) 2001. *City Development Strategy*

The Kathmandu Metropolitan Corporation, with the support of the World Bank, prepared this study. The study provided assessment of the sectors in urban planning, urban economics, institutional development, urban transport, housing, municipal service, heritage conservation, community development and environment and municipal finance (Kathmandu Metropolitan City/The World Bank 2001).

(l) 2002. *Development Plan 2020 for the Kathmandu Valley*

The Kathmandu Valley Town Development Committee prepared a twenty-year strategic plan for the Kathmandu valley. It assessed that the current state of urbanization in the valley and the limitations imposed by the defined jurisdiction areas of the different local bodies necessitated a valley wide planning exercise (Kathmandu Valley Town Development Committee 2059 BS).

It was found that the overall implementation and the approval process are not satisfactory. It was also revealed that though planned developmental efforts in Kathmandu valley was initiated in 1971, no strategy or policies have addressed the issues related to housing the urban poor. The Tenth Plan (2002-2007) of Nepal estimated the urban population to increase to 24 per cent in ten years. It recommended that due to rapid growth of unplanned urbanization, private sector participation in housing has been necessary. It proposed the establishment of a Kathmandu Valley Development Council and the strengthening of the Town Development Fund. However, despite all these developmental efforts in housing in Nepal, it was found that programs and policies for housing the urban poor are yet to be formulated.

Efforts made by the government in urban housing development in Kathmandu valley are:

- (a) Kuleshwar Project. This project was initiated in 1979 and had the objective of developing serviced plots and selling them to various categories of civil servants.
- (b) Galfutar Project. This project was initiated in 1982. Unlike Kuleshwar, it had no specific target group, and plots were sold on a first come first serve basis
- (c) Dallu Project. This project was initiated in 1982. There were problems during its implementation concerning land acquisition and compensation.

Policies are generally formulated without any commitment for implementation. Urban development process has become more participatory in nature. Some of the policies facilitate the ongoing developmental process conditioned by different actors, including private initiatives. Unfortunately, the government is very weak in implementing its plans and programs. Joshi (1999) was of the view that plans, policies and programs are generally ambiguous, based on unrealistic assumptions. The goals and objectives are often conflicting in nature. Planning and legal tools are not in place. There is also a lack of political will and commitment. He held forth that alternatives should be explored in the concept of people's participation, cost recovery, decentralization, local empowerment, privatization and partnership formation.

In order that the basic needs may be realized for all income groups and sustainable environmental conditions are achieved, it is emphasized that the shelter process shall require institutional support in the fields of housing finance, legislation, community participation and low cost construction technology. In this framework, it is perceived that there have been no clear-cut policies related to housing the urban low-income people in Kathmandu. The institutional strategies that address this issue are few and insufficient. The government in Nepal has carried out housing strategies, which have evidently failed to include the urban poor. The fact that conventional housing has failed to reach the urban poor of Kathmandu valley has been distinct. Weak institutional framework has been a major obstacle in the reorganization of the urban shelter sector strategy. Kathmandu experiences an uncontrolled urbanization, both due to increased migration and to a rapidly growing urban population. It is comprehended that because of

the formal institutions' inability to address the issue of housing the urban poor, they will be forced to become squatters. Possibility of potential institutional involvement in the provision of housing for the urban poor has not been drawn on.

The following conclusion would follow from the analysis which has been presented: It is apparent that the government has not been particularly successful in meeting the shelter requirements of the urban populations in Nepal. In fact, there appears to be some evidence to suggest that the relationship between involvement of government in shelter provision and the accomplishment of objectives concerned with shelter may be an inverse one.

1.8 OVERVIEW OF HOUSING EFFORTS IN INDIA

In this context, it is relevant to see the housing efforts being made in India. Gupta (1995) stated shelter is the outcome of the basic needs of man. Shelter is not merely a physical shell, but it engulfs a complete range of variables such as social, physical, and economic aspects of improving the quality of life of the poor. The author wrote that virtually all cities share some land related concerns. The unhealthy conditions in large settlements can be addressed and tackled through extensive economic and social improvements. Almost all urban areas have two faces: one, with properly planned, physical, social and economic infrastructure and the second, with unplanned, unauthorized, unintended, ill housed and inadequate services. Many governments ignore this issue. Housing supply should be equal to the demand of the houses. The author outlined the features of a housing program for the economically weaker people in Delhi, India:

Parameters worked out for the economics of the scheme were:

- Cost of housing unit of 28 sq.m. having two rooms at the rate of IRs. 2,400/sq.m.= IRs. 67,200
- Peripheral development was subsidized by government
- Loan of IRs. 20,000 per unit was provided by the Plan Funds National Territory of Delhi at the rate of 9 per cent

- Contribution by Delhi Development Authority of IRs.20,000 per unit by taking loan from Plan Funds at 9 per cent,
- Beneficiary had to pay IRs. 67,200-40,000 = IRs. 27,000 initially and the balance in fifteen years. Monthly installment was IRs. 399.

Note: IRs. 1.00 is equal to Rs. 1.60 (November 2010)

Aldrich and Sandhu (1990) disclosed that with the launching of the First Five Year Plan (1951-56) in 1951 in India, a major change in housing perception came with the acknowledgment that the public sector must play a direct and positive role to make up the growing housing deficit. The plan recognized that the low-income groups could not afford even the minimum housing. Then the government took over the responsibility of providing housing to the lower income groups of population, which was later extended to middle-income groups in the second Five Year Plan (1956-61) and subsequently schemes for the high income groups were incorporated in the Fifth Five Year Plan (1974-79). It was revealed that the housing programs in India were implemented by first formulating programs for the low-income group. The role of the government in alleviating the problem is highlighted.

India with an urbanization level of 29 per cent in 2008, out of a population of 1,148 million (2008 estimate), housing problems have severely increased. A shortage of 7.5 million urban housing units was indicated in 1993 (Hiraskar 1993:56). Industrial growth, employment opportunities and better infrastructural facilities have been the key factors of rapid urbanization in India. GDP per capita was U.S. \$ 822 in 2006. It is relevant to note that the contribution of the urban sector in the nation's gross domestic product in India rose from 29 per cent in 1950- 51 to 47 per cent in 1980- 81 (ibid.:59). In 2006, it was estimated to be 82.5 per cent.

The agencies established with a view to addressing housing problems in India include the State Housing Board, Cooperative Housing Societies, private enterprises and individuals (Hiraskar 1993:56-60). The State Housing Board's housing schemes include:

(i) Integrated subsidized housing scheme

After the formulation of this scheme in 1952 by the ministry of Works, Housing and Supply, India, houses for industrial workers and the economically weaker section (monthly income not exceeding IRs. 350) were provided under subsidized housing scheme on the basis of 50 per cent loan and 50 per cent subsidy with an interest rate of 7 per cent with a maximum repayment period of 25 years.

(ii) Low-income group housing scheme (L.I.G.)

This scheme was initiated in 1954 for persons whose annual income did not exceed IRs. 7,200, and who did not own a house. The loan assistance was limited to 80 per cent of the estimated amount. Repayment interest was a maximum period of 25 years with an interest of 7½ per cent. Floor area was specified as a minimum of 232 sq.ft. and a maximum of 1,200 sq.ft.

(iii) Middle-income housing scheme (M.I.G.)

This scheme was introduced in 1959 for persons whose annual income was between IRs. 7,200 and IRs. 15,000, and who did not own a house. The loan assistance was limited to 80 per cent of the estimated amount and the maximum amount was fixed at IRs. 25,000. Repayment plan was the same as that of the L.I.G. scheme.

(iv) High-income group housing scheme (H.I.G.)

Under this scheme, persons whose annual income was between IRs. 15,000 to IRs 25,000 were eligible to get a loan of up to IRs. 60,000.

The Housing and Urban Development Board in India was formed in 1970 which primarily functions as a funding agency and acts through state housing boards, city improvement trusts, development authorities and municipal corporations. The Bureau of Indian Standards formulated standards for requirements of low-income housing in 1978 (Bureau of Indian Standards 1997). In India, urban centres are becoming centres of enormous economic activities and strength. The contribution of the squatters and the homeless to it is significant. Metropolitan centres have increased from 12 in 1981 to 23 in 1991 (Aldrich and Sandhu 1995). Among the urban areas, the percentage of class I cities (a population of 100,000 and above) were 65 per cent in 1991. It is important to note that one of Asia's biggest slum, Dharavi in Bombay constitutes 60 per cent of the total population. The authors revealed that since the Second Five Year Plan, stress was laid in

centralized industrial policies, neglecting the private sector resulting in low productivity and low income. It was only in 1991 that the process of liberalization policies was introduced, resulting in the process of rapid growth, but at the same time increasing the slum population. Urban poverty reduction programs should be linked to policies to generate economic activities and continuous income.

1.9 CASE OF BANGLADESH

The Grameen is a microfinance organization in Bangladesh that makes loans, known as microcredit to the poor without requiring the conventional individual collateral. The system is based on the idea that the poor have skills that are underutilized. Yunus believed that making such loans available to a wide population could ameliorate the unchecked poverty in Bangladesh (Yunus 2006). The concept was introduced in 1979. The system now is at work in forty-three countries. Its philosophy is that the poverty is not created by the poor; it is created by the institutions and policies which surround them. It is not the lack of skills which make people poor. In order to lessen poverty, it recommended that appropriate changes in the policies should be made. The theory asserts that charity is not an answer to poverty. It only helps poverty to continue. It creates dependency and takes away individual's initiative to break through the walls of poverty. Housing microfinance programs have proved that it is possible to develop sustainable institutional arrangements to serve a large number of poor and marginalized people.

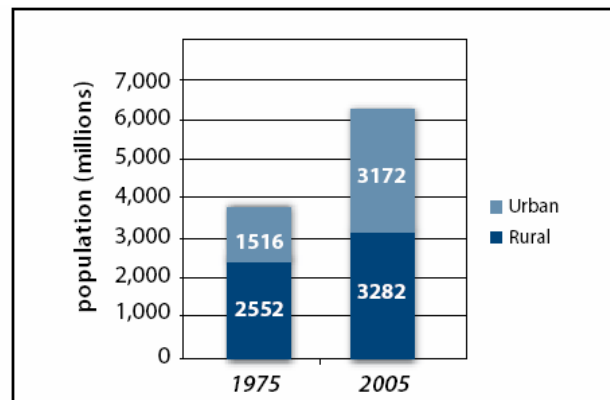
In 1983, the Grameen Bank was established as a formal bank which provides conventional collateral-free loans to the poor people. The concept of the bank is that no individual collateral is required against its loans. Each borrower must belong to a five-member group. Repayment responsibility rests on the individual borrower, while the group oversees the repayment. There is a total number of 5.66 million borrowers. It has 1,781 branches in Bangladesh. Total amount of loan disbursed by Grameen Bank since inception is U.S. \$ 5.28 billion. Out of this, U.S. \$ 4.69 billion has been repaid.

Grameen introduced micro housing finance in 1984. It has become a beneficial program for the poor. 628,102 houses have been constructed with the housing loans. It was initiated with the theory that credit should be accepted as a right and a method was built where one who does not possess anything but has skills gets high priority in getting a loan. It is taken note that the method is not based on assessing the material possession of a person; it is based on the potential of a person believing that all people including the poor, are endowed with persistent ability, and hence the capacity for improvement.

1.10 URBAN DEVELOPMENT AND APPROACHES

Bjoeness and Corneil (1998) indicated that in the developing world where urban development is out of control and planning efforts are fragmented and accumulative, a sustainable approach is necessary to construct local responsibility and capacities to take action and solve local problems. It is the informal slum areas that are growing fastest, and poverty will increasingly be an urban problem. Developing countries face the challenging problem of managing rapid urbanization with few resources. Out of the world population of 6,454 billion in 2005, 3.172 billion lived in urban areas (Moreno and Warah 2006).

Figure 1.9: The world population urban/ rural



Source: *ibid.*

It is significant to perceive that with the launching of the first Five Year Plan (1951- 56) in India, a major change in housing perspective came with the recognition that the formal sector must play a direct and positive role to make up for the growing housing deficit. The plan document acknowledged that the low-income groups had to be facilitated. Thus, the government took over the responsibility of providing housing to the

lower income groups of population, which was then subsequently extended to middle income groups in the Second Five Year Plan period (1956- 61) and succeeding schemes for the high income groups were incorporated in the Fifth Year Plan period (1974- 79) (Marwaha 1990). It was found that addressing the issues of housing the poor has been a high priority in India.

In this context, it is worthy of note to refer to the housing policies regarding access to urban housing in Malaysia. It requires private developers to set aside certain amount of new housing developments for the marginalized groups. It is based on the premise that left to the market processes, these groups may be priced out of housing market. Since the introduction of New Economic Policy in 1970 and the National Development Policy of 1991, private housing developers have been required to reserve a certain share of their development schemes for the low-income people (Lee 1998). Based on the assumption that facilitating access to housing for the low-income urban people would be an enhancement to the national economy, the government has required private developers to build a certain percentage of low cost housing as part of their project. The usual requirement is 30 per cent of the total units of houses in the plan. This has contributed to the poor people gaining access to housing. The rationale was that every socio-economic group must have a share in the growth of the country. Overall, it was found that the urban housing policies in Malaysia have been formulated to help achieve the targets of restructuring society and lessen housing poverty in a growing economy.

Housing policy developments in Sri Lanka presents an interesting example of the intent to deal with mass housing poverty and to adapt policy to changing economic and political circumstances. After gaining independence in 1948, its various governments and policy makers have consistently placed priority upon social policy development, including health, education and housing. In the years 1984 to 1989, the government in Sri Lanka took positive and determined steps in launching a new million houses program. This was an enlarged self-help and small loans program. The program had a strong low-income emphasis. Loans were available at concessional rates from 3 per cent to 6 per cent with a 15 year repayment plan (Aldrich and Sandhu 1995). In operation, the program

fulfilled its targets and housing poverty decreased. The housing authority (National Housing Development Authority) which was responsible for the program found local means of disbursing loans and collecting loan repayments. This program was followed by its successor the 1.5 million housing program for the years 1990 to 1995. It is taken note that Sri Lanka was able to finance the programs because its budgets were supported extensively by international donor agencies. Steps were taken to tighten economic and financial control because of the subsidies on the concessional rates of interest to the poor. The strategy adopted was that concessions were focused on the poor households, and other loans were priced at normal rates of interest.

A statement made by UN-Habitat (www.unhabitat.org, 2006, June 12) on sustainable urban development is relevant in this setting. It stated that cities and urban areas are at the forefront of socioeconomic change and sustainable development. Half of the world's population is now living in cities, which have become centres of innovation and engines of development and are the key to social and economic advancement and environmental improvement. Ansari and Einsiedel (1998) observed that, by and large, countries having relatively high per capita income also have comparatively high urbanization levels. It is to be noted that in all the countries presented in Table 1.8 except for Afghanistan, more than 60 per cent of the gross domestic product was produced by the industries and service sectors, which are essentially urban activities. Therefore, if the measure of economic advancement is to be maintained in a country, it is of the essence that the urban problems are earnestly addressed.

Table 1.8: Characteristics of selected countries of Asia (2003)

Country	GDP per capita U.S.\$	% of GDP produced by industries and services	Urbanization level (per cent)
Korea	12,630	96.8	80
Malaysia	4,190	90.3	64
Thailand	2,310	90.3	32
Philippines	990	85.5	61
Indonesia	970	83.5	46
Sri Lanka	950	81	21
India	560	68	28
Pakistan	550	76.7	34
Bangladesh	380	63.2	24
Nepal	270	60.68	14.2
Afghanistan	160	48	23

Source: IMF 2006

Note: Figures for Nepal refer to 2001

However, in contrast to the promise, many cities, especially in the developing world, represent today the most alarming concentrations of poverty. The pace of urbanization has been too fast to manage. It is estimated that there are about one billion urban dwellers living without adequate shelter and basic services (www.unhabitat.org, 2006, June 12). This number is expected to double by 2025. The urban poverty reveals a high degree of social exclusion. The experience of UN Habitat's experience revealed that the most immediate and fundamental bottleneck to sustainable urban development is not necessarily the lack of funding, but it is the local implementation capacity and governance. The recent trends in urbanization have manifested an unprecedented growth, particularly in developing countries. Whereas in 1950, less than 300 million people in developing countries lived in urban areas, by 1985 this figure had reached 1.1 billion

Gossaye (1997) stated that recent trends in urbanization have manifested an unprecedented growth, particularly in the developing countries. The author asserted that urban areas will be the road for national progress. It was found that housing problems for the urban poor are universal and exist in a majority of cities. Eisner (1993) stated that several parts of the developing world reveal the importance of the role of government to render assistance in solving the problem of urban housing. The housing pattern remains

unsolved, but certain policies have taken shape during the past few decades. The necessity for institutional assistance in some form has been recognized.

It is apparent that Nepal is undergoing a rapid urbanization, as the rural population finds it unable to sustain themselves and their families on the basis of farming alone. As a result, they have been moving to the cities and the towns for a better life. This process of internal migration further accentuates the lack of already inadequate economic and physical infrastructure in the urban areas. Thus, migration to urban areas has resulted in an excessive pressure on limited urban infrastructure and social services. Despite efforts, the process of rural- urban migration continues without corresponding expansion of basic urban services; thereby causing adverse impacts on the urban environment. Most municipalities in Nepal find it extremely difficult to create and maintain urban infrastructure by their own resources. They are facing problems associated with housing shortages and environmental degradation. How to make housing policies and strategies, which address the issues of the urban poor more effective, constitutes the most important problem of urban Nepal.

1.11 HOUSING FINANCE FOR THE URBAN POOR

Finance is arguably the most important factor in shelter development and improvement. The reason is that adequate finance procures the other major housing inputs- land and building materials. Housing finance can be extended to more people through a variety of channels. The challenge to eliminate slums and squatter settlements in urban areas and to prevent the formation of new ones cannot be met unless formal institutions at all levels adopt comprehensive housing policies and strategies which adequately address the problems. Such policies and strategies must build on an enabling concept, involving the stakeholders and mobilizing available resources. In many countries in the developing world there is no policy at all. The financing of infrastructure, shelter and basic services is the key issue; and in most developing countries, the lack of functioning housing finance policies for the poor is the prime limitation.

Majale and Payne (2005) confirmed that getting access to housing credit is one of the biggest problems facing the urban poor in developing countries, largely owing to prevailing fiscal and regulatory frameworks. The authors further emphasized that they should be made appropriate to the needs of the poor, and also affordable, to improve access. Appropriate regulatory frameworks can facilitate access to improved urban housing services and credit for people living in poverty. In this context, it is relevant to revisit theories of microfinance to address the issues of urban poverty in housing. Microfinance, the extension of credit to people too poor to qualify for conventional bank loans, is often considered one of the most effective and flexible tools in the fight against poverty. Microfinance can be defined as providing credit and finance related services so as to improve the living standard of the poor. The concept is to lend loans to poor people without the conventional individual collateral under the premise that they have the skills for repayment.

The origin of microfinance is often dated as late as the 1970s. Only then, it is often argued, did the program pass two key tests: (a) to show that poor people can be relied on to repay their loans and (b) to show that it is possible to provide financial services to poor people without conventional individual collateral. However, evidence suggests that this method was in practice in Germany, often called the Raiffeisen movement 1864, resulting in large part from its ability to pass both these tests (Johnson and Rogaly 1997). It was revealed that community based bonds of association of these early credit unions gave them both the information and enforcement advantages needed to make loans to people who were both too poor and too remote to access bank loans. In the 1970s, many housing microfinance initiatives were introduced. Solidarity lending emerged as a distinctive new methodology, made famous by Muhamad Yunus. In India, microfinance traces its roots to mid 1970s when some NGOs started using this model. It is a community driven and managed microfinance model where the NGO plays the role of a facilitator by providing capacity building services to the groups and building relationships with financial institutions. Plans of this kind exist in a number of countries, including Cambodia, India, South Africa, Zimbabwe, Namibia, Philippines and Thailand.

Providing micro housing finance can be a critical component of an effective strategy for housing the urban poor in Nepal. Improved access and efficient provision of savings and credit facilities can help the poor to meet their housing needs. Without permanent access to institutional microfinance, most poor households continue to rely on meager a self-finance or informal source, which limits their ability to actively participate in and benefit from the development opportunities. Microfinance can contribute to the development of the overall financial system through integration of financial markets. Providing housing microfinance services efficiently to this excluded segment of the populace remains a major challenge in Nepal.

The poor need a range of financial services that are convenient, flexible and affordable. Microfinance services can fight urban housing poverty. When poor people have access to financial services, they can build their assets and invest in secured housing and other needs. However, it is emphasized that microfinance services will reach the poor only when it is integrated into the formal financial sector. As revealed from global experience, microfinance can pay for itself; and must do so if it is to reach very large numbers of poor people. The role of government is to enable financial services to the poor and not to provide them directly as grants. In this context, it would be relevant to quote Yunus (2006):

Microfinance is based on the premise that the poor have skills which remain unutilized or under-utilized. It is definitely not the lack of skills which make poor people poor. Poverty is not created by the poor; it is created by the institutions and policies which surround them. In order to eliminate poverty, all that needs to be done is to make appropriate changes in the institutions and policies, and/ or create new ones. Charity can not be an answer to poverty. It only helps poverty to continue. It creates dependency and takes away individual's initiative to break through the wall of poverty. Unleashing of energy and creativity in each human being is the answer to poverty.

In this setting, it becomes relevant to state that Nepal can learn lessons from urban poor housing programs in developing countries; and one of the lessons learnt in recent years is that a very successful mechanism for fighting urban housing poverty is microfinance and the provision of loans to those who are shut out of the traditional

borrowing systems. Unlike other loan programs, microfinance does not require clients to have the conventional individual collateral to receive loans. This feature allows people to receive credit who would not qualify with traditional financial institutions. Microfinance policies are recipient friendly. They usually go to their recipients to provide loans and receive payments. The peer support system practiced by microfinance programs is another distinct feature. When clients gather weekly at meetings to make loan payments, or informally in smaller support groups, they share successes and discuss ideas for solving business and personal problems. Maybe the most important, they empower each other to stay on the path out of poverty. This mutual support strengthens their resolve.

As the income stream of microfinance beneficiaries is normally small and inconsistent, they need very flexible repayment schedule that may not be comparable to normal commercial aspects. In Nepal, a significant portion of credit needs are still met by informal and high cost resources such as money lenders; thus, advancement of this tool would yield benefits to the poor. Among the most important instruments in the fight against urban housing poverty is the extension of credit to the urban poor. There is still a widely held belief that credit does not operate at this level of the market. Just as urban services are available at exploitative premium prices, so is credit informally available at inflated rates, reinforcing the trend that the poor pay more for less. Access to secure tenure can make a positive contribution in improving access to credit. Some of the most successful poverty reduction and housing credit models have been based on the poor organizing themselves into savings collectives and accessing micro loans from a rotating fund. Approachable credit provides a very tangible mechanism to the poor in the provision of shelter.

Housing is critical for the urban poor. The issue of savings related to housing is the original motivation for setting up the savings process. The housing savings strategy works on the principal that all households need to put aside a small sum of money each month as security. This sum can initially serve the purpose of setting up a savings account which can later form the basis for a loan. Later, this monthly sum saved begins to contribute to the repayments of the loans they have taken.

1.12 THE URBANIZATION OF POVERTY

Urban poverty has posed the biggest threat to governments. The situation became disturbing after 1750 because the rise in population forced food prices up and depressed wages. Between 1730 and 1789, living costs in France rose by 62 per cent; in Germany inflation went up to 30 per cent while wages fell. In Italian cities the poor depended on the authorities' control of markets, prices and food supplies. Riots occurred in Genoa, Italy, in 1746. In England, in 1766, similar grievances were repeated. The source was almost invariably poverty. The problem originated in rural poverty leading to mass migration to new urban centers.

The impact of globalization has sharpened even further the disparities in the distribution of wealth and resources. The increasing poverty gap in the world has been well documented. 1.3 billion people do not have access to clean water, and the same number lives on less than \$1 per day. 2.6 billion people do not have access to basic sanitation. This concentration of poverty, homelessness and slums/ squatters is increasingly associated with the growth of the world's urban population. Since 1950, the global urban population has risen from 750 million to more than 2500 million people. Eighty percent of the world's population growth in this decade has occurred in urban areas. However, this urban growth is mostly informal and unplanned, often resulting in people settling on any available and unclaimed location. The current rate of urbanization in the developing world, and the fact that this constitutes the massive urbanization of poverty, is compounded by weak local government policies in this area. By 2025 the total urban population is projected to double to more than 5,000 million people, and 90 per cent of this increase is expected to occur in developing countries. In short, the world will face an urban crisis of astounding proportions in the next twenty to thirty years- and one which will require a complete reorientation of urban policy by governments.

In the regional context, India had a relatively low level of urbanisation of 27.8 per cent in 2001 but, being one of the world's most populous countries, it also had one of the world's largest urban populations. One of the most critical issues facing cities in India

today is the lack of secure housing for the urban poor. In 1981, 17.5 per cent of the urban population lived in slums; in 1991, it was 21.5 per cent and the estimates for 2001 were that there were 40.6 million persons living in slums in 607 towns/ cities and they accounted for 22.8 per cent of the population of these cities (Planning Commission Government of India 2002). In Mumbai 6 million people, or more than half the city's population, live in slums/ squatter settlements, which have inadequate structures, space, sanitation, light, electricity and water characteristic of illegal occupation of land. The city's demands are met by the cheap labour of poor migrants, slum and pavement dwellers. Pavement slums are a phenomenon characteristic to the larger Indian metropolises, especially Mumbai. Most were agricultural labourers before moving to Mumbai.

During the 1950s and 1960s, the locals in Mumbai sought to demolish the slums and clear any land on which the squatters encroached. It became apparent that this policy did not work because people would simply rebuild their huts in the same location or, shift to another unoccupied piece of land nearby. The general perception of slum dwellers and squatters is that generally they are a nuisance. The contribution of these dwellers to the city's economy- as industrial workers, construction labour and in a whole range of trades such as vegetable and fruit-selling has remained unacknowledged.

Figure 1.10: Dharavi, Mumbai, India, squatter settlement (2009)



The settlement of Dharavi in Mumbai, the largest slum in Asia, spreads over 430 acres of land and has a population of 600,000 people. It used to be marshy land, unfit for habitation but the poor from different states came to Mumbai and reclaimed the land, making it habitable. Over several decades, Dharavi was contrived by the people and is today a community. It is an agglomeration of people of diverse ethnic, linguistic and religious backgrounds.

1.12.1 THE CONTEXT IN NEPAL

Nepal is a poor country with a large part of its population working in informal sector. Here, it is in order to point out that while the incidence of poverty is greater in rural areas, the nature of poverty in urban areas is somewhat different. In rural areas, comparatively, the situation is not that depressing. In urban areas, however, a large part of population continues to live in abject poverty from one year to the next. These people are generally semi-skilled workers or labourers and are mostly engaged in informal activities. It was found that a large part of the urban population in Nepal lives in poverty with low per capita incomes. 25.6 per cent of these people are illiterate. See Appendix 11. They are mostly unskilled, self-employed workers engaged in informal activities and are generally daily wage earners or vendors. Among physical assets, it was seen that land and building were the most preferred assets.

Figure 1.11: Typical urban poor housing setting in Kathmandu (2008)



Collateral issues

The Nepali financial framework considers mortgage financing for housing as one of the best collateral. The use of mortgage is considered a necessary condition for all housing finance agencies belonging to the formal sector. It finds that it is prudent to give loans only to persons whose income is secure. The informal sector low income households automatically get left out of the existing housing finance system. The poor have no access to credit, other than what they get from money lenders at high rates (Ohashi 2006). Most financial institutions insist upon satisfactory collateral for the loans, such as property or easily marketable assets. Most low income households in Nepal are unable to meet this criteria. What these households have are assets in other forms such as basic tools of their respective crafts and trades. These items which are marketable are acceptable as pledges for loans from private money lenders; they however are not acceptable as collateral to housing finance institutions. In this context, Payne (1997) held forth that for low income households seeking loans from financial institutions, the primary consideration in approving loan should be the ability of the beneficiary to repay it; collateral is irrelevant.

From the foregoing, it is clear that the existing financial system is unlikely to adequately serve the needs of low income households. Also, it is uncertain whether various government initiatives would contribute substantially to create an environment which would be conducive enough to generate a viable, replicable finance system for these households. Thus, a new concept of housing finance for the urban poor appears an essential condition within the Nepali socio-economic reality.

In the issue of collateral for the low income groups, there are many examples the world over especially with regard to microfinance of informal sector. The Grameen of Bangladesh is the most successful story. Having started housing loan to the poor in 1984, 628,102 housing units have been built (Yunus 2006). The repayment record is 98 percent. However there was no security or collateral. The main reason for timely and full repayment, amongst other reasons, was the formation of groups of five or six who apply for a loan and were collectively responsible for its repayment. According to Mizrahi(1989), the importance of group formation of micro producers cannot be undermined from the author's experience of South America.

1.13 RATIONALE OF THE STUDY

1.13.1 BACKGROUND

It was found that the contribution of the urban sector to the national economy in Nepal is significant, yet the annual investment is not as what is desired. Nepal's GDP growth in 2006 was two per cent. A close investigation into the components of economic growth reveals that Nepal's overall growth has been derived largely from the growth of the non agriculture sector- which contributed 60.68 per cent of the GDP in 2001/ 2002 (NPC 2002: 48) compared to only 40 per cent in 1991/ 1992 (UNDP 2002). The contribution of the non-agriculture sector was estimated at 65.6 per cent of the GDP in 2006. The Tenth Plan of Nepal has acknowledged that there is a significant contribution of non-agricultural sector in the growth of GDP, and that its impact is limited to urban areas (NPC 2005: 24).

This leads to the question why more efforts are not being made for urban capacity building? Urban areas are centres of financial resources, but the urban poor do not have the tools to access them. The important contribution that the urban poor make to the city's economy is often forgotten as they do the jobs that most others will not. Investment in urban areas will reap rich benefits and increase productivity. They are the hubs of much national production and consumption- economic and social processes that generate wealth and opportunity. It must be recognized that urbanization is an integral part of the structural changes that accompany economic development. Urban people have to be facilitated. However, if the housing situation in Nepal is studied, it does not project a good image. No substantial institutional program or policies have so far addressed the issues of housing the urban poor in Nepal.

In the face of severe hardships, the urban poor continue their struggle for survival trying to find affordable solutions- which often are inadequate, temporary and insecure. An increasing number are renters and in temporary shelters. Until government and institutions learn how to reinforce and sustain poor people's enormous capacity for survival and incremental progress, instead of being an obstacle to them, poverty will

remain a blight on urban areas, as concluded by a major finding of a study conducted by the Asian Development Bank (ADB 1999a: 39).

It may be appropriate, under these circumstances, for the Bank to progressively expand its involvement in the urban sector and given that growth in urbanization and urban poverty is inevitable, to develop a specific urban poverty policy. The Bank is already involved in a range of urban poverty-related issues, and such a policy would allow these issues to be addressed in a more systematic way. The policy would need to focus on new ways of improving participation, governance, and financing so as to accelerate the upgrading of informal settlements where the quality of housing and access to services is notoriously low.

It was found that in Manila, Philippines, housing the poor is one of the most compelling issues among the sprawling squatter areas. In recognition of this high priority, the Philippine government allocates direct and indirect subsidies to the value of approximately 1.5 per cent of the gross domestic product (*ibid.*: 25) in this area. In the Tenth Plan of Nepal (2002- 2007), there has been no attempt to address the issues of housing the urban poor. Pertinent features of housing policies in Malaysia include subsidized housing loans at 5.5 per cent repayable in twenty-five years, cheaper land for low cost housing and provision of 30 per cent low cost houses in any housing scheme (Gupta 1995: Volume I: 59). The above discussion leads to the prospects of lessons to be learnt.

In most developing countries, formal housing finance institutions play only a limited role in meeting the housing needs of the urban poor. It is relevant to note that the importance of institutional housing finance for the urban poor as an important tool of housing delivery system in India was formally recognized in 1970 with the setting up of the Housing and Urban Development Corporation (HUDCO) and Housing Development Finance Corporation (www.hudco.org, 2005, November 23). The HUDCO has extended assistance for 15.09 million dwelling units. The assistance covers the housing needs of all sections of the society, with special emphasis on the weaker sections and the deprived. This social orientation of HUDCO is evident from the fact that 92 per cent of the 15.09 million houses financed by HUDCO were for the benefit of the low-income people. Its

contribution in the introduction of a special building code (IS 8888) in 1978 (updated in 1993) for low income housing is significant. (See Appendix 9).

Figure 1.12: Model of HUDCO housing for the economically weaker section, Neemuch, Madhya Pradesh, India



Although the average urban official tends to view poor citizens as problems, their achievements over the past few decades highlight their extraordinary developmental skills they make to the vitality of cities. Cities could not survive without them and would quickly grind to a halt if they simultaneously stopped doing what they do. Despite constant harassment from authorities, they have created enormous assets that contribute to the city. In this context, it is relevant to recall a statement made in the Recife Declaration (UNCHS 1998:3).

Urban poverty presents a paradox for assessment and policy. For the poor, it is an indivisible whole, an ongoing day to day-to-day reality. Yet for institutions established to eradicate it, poverty is a condition to be responded to with a diverse array of programs, often compartmentalized, disparate and at best partially effective. There is a manifest discord between the unity of experience and the diversity of institutional responses.

Hence, it has been recognized that sustainable urban development is necessary for socioeconomic change and sustainable development. However, on the other hand, the pace of urbanization has been too fast to manage in most cases. It was specified by the United Nations Habitat that the most immediate and fundamental bottleneck to sustainable urban development is not necessarily lack of funding, but it is local implementation capacity building and formulation of proper strategies (www.unhabitat.org, 2006, June 12). Studies revealed that housing problems for the

urban poor are generally universal and are existing in a majority of cities. Eisner et al (1993) stated that several parts of the developing world revealed the importance of the role of formal institutions to render assistance in solving the problem of urban housing. The housing pattern remains unsolved, but certain policies have taken shape during the past few decades. The necessity for institutional assistance in some form has been recognized.

The main objective of the long-term developmental plans in the Tenth Plan (2002-2007) of Nepal was to free the nation from the clutches of the existing poverty, and to establish a cultured, modern and competent society. It had acknowledged that socially justifiable developmental perspective cannot be done without bringing the left out groups into the mainstream. It had also stated that one of its main objectives was to provide economic and social security against the risks occurred through economic and social activities; however, it did not address the problems of the urban poor. The issue of alleviation of poverty has been taken as a national objective in Nepal. It was stated in the Tenth Plan of Nepal that the sole objective of its formulation was poverty alleviation. Problems have been identified and the need to find solutions becomes evident.

The objectives and programs set for the Ninth Plan (1996- 2001) of Nepal tried to incorporate various aspects of building, housing and urban development; but because of such problems as lack of resource mobilization as required, weak managerial aspects, absence of coordination and lack of appropriate human resources, its implementation had been weak. The Tenth Plan had acknowledged that expected progress could not be attained as different obstacles emerged while providing support for the physical infrastructure (National Planning Commission 2002: 413). The following challenges were identified in this sector: (a) lack of urban development policies and lack of timely reform of the existing policies (b) no harmony between physical plan and investment (c) programs for enhancing the capability of local bodies have not been implemented (d) absence of authoritative body to systematically manage and coordinate developmental activities in Kathmandu valley. This leads to the question: what could be the proposed policy/ model/ strategy for housing of the urban poor of Kathmandu valley?

1.13.2 HYPOTHESIS FORMULATION

The Oxford Dictionary (1991) defined a hypothesis as a supposition made as a starting point for further investigation from known facts. According to Hillway (1964: 123), from the research scholar's point of view, the hypothesis may be conveniently considered as a tentative or working assumption, and the theory as the surviving or final hypothesis which is most defensively supported by all the evidence. However, since knowledge arrived at through scientific method is subject to revision in the light of new data, a theory is in the sense always only a working assumption.

For Wilkinson (1991:4), hypotheses are the driving force for scientific research. Without hypothesis, science would be little more than a directory of orderly but arbitrarily arranged observations. As generalizations, hypotheses set up expectations for subsequent observations and operations. They join given conditions to predict consequences and are inherently conditional and predictive. Experimentation, the operations on natural entities and processes to discover their structure, functioning or relationships is used to test hypotheses. When research scientists perform an experiment, they base the experiment on one or more hypothesis, implicit or explicit.

Analytic induction refers to a systematic examination of similarities between various social phenomena in order to develop concepts or ideas. Analytic induction can be applied to search for those similarities in broad categories and then develop strategies. (Ragin 1994) framed it to comprehensive propositions and causal laws. Znaniecki (1934) concluded that this procedure, known to social sciences as inducing laws from a deep analysis of instances, and can be used in terms of research. Therefore, it is a method involving inductive reasoning, or logic reaching conclusion based on observation to formulate the hypotheses: generalizing to produce a comprehensive assertion or principle from observed instances, rather than deductive. Analytic induction allows for modification of social concepts and their relationships throughout the process of doing research, with the goal of most accurately representing the reality of the situation. Pant

and Wolff (2005) defined a hypothesis as a deduction made as a point of entry for further investigation from proven facts.

Within this framework, the hypotheses for the research were created based on the literature review conducted: Hypothesis (i): Lessons learnt from the experience of several Asian countries show that secured urban housing is a key contributor to reduction and elimination of urban poverty. In the last thirty years, the perception of the role of the city and urban areas has profoundly changed. Less maligned as a threat to the environment, urban areas are now recognized as the driving force of economic growth and centres of technological and cultural creativity and human development. Some have even argued that urban areas provide the economies of scale required to make sustainable development possible.

The Community Mortgage Program in the Philippines began as a nongovernmental organization (NGO) program in 1988. Since then, it has been in operation in 33 cities in the Philippines, and financial assistance has been given to economically weak communities for 330 programs for fulfilling their housing needs. It was estimated that this program has helped an average of 10,000 families every year out of urban poverty (Hasan 1997). It was estimated in 1997 that in the region of one million households in the country lived in squatter and slums. The method used was that organized low-income communities with NGO or professional support could access the program.

One of the most critical issues facing cities in India today is the lack of secure housing for the urban poor. In Mumbai alone, 6 million people, or half the city's population, live in slums, which have inadequate housing, space, sanitation, light, electricity and water. The Society for the Promotion of Area Resource Centres (SPARC) is a registered non-profit society which began work in 1984. It is an Indian NGO based in Mumbai, working with communities to improve their homes, neighbourhoods and employment opportunities. Although SPARC is located in Bombay, through alliances with other organisations, it works with communities in 21 cities in India. Its objectives

are to establish area resource centres that would serve the needs and priorities of local urban inhabitants, especially the poor. SPARC, The National Slum Dwellers Federation and *Mahila Milan* are the three groups working together in an alliance to address the needs of some of the poorest urban citizens in India (SPARC 1997). Their work begins with savings and credit at a neighbourhood level, with a credit fund established from the small amounts that is available to most low income urban households.

As the demand for loans from the urban poor for housing and economic activities grew, the alliance sought credit lines available through NGOs. Capital finance provided by the Indian government to SPARC enabled members to borrow. Savings for housing was the original motivation for collecting them and setting up accounts. The housing savings strategy worked on the principle that all households need to put aside a small sum of money each month in preparation for housing loans. These amounts could be used as a loan deposit or may contribute towards repayment of the loans, usually in form of half the amount as loan repayment and the other half as compulsory saving.

Hypothesis (ii): In Nepal, poverty has fast been linked with urbanization as more and more people move to cities and urban areas that are unable to cope with the combined pressure of rising populations and limited resources. Although in global terms, Nepal's urban population is relatively small, with 14.2 per cent of people living in urban areas in 2001, this is expected to change. However, in line with international trends, the estimate of the number of urban dwellers in Nepal is expected to more than double by 2025. Urban growth in Nepal is accelerating sharply and this is expected to continue. If the trend of urban growth of 6.65 per cent per annum, which is the highest of any country in South East Asia, continues, the urban population will have reached 36 per cent in 2025. Another unfortunate and unforeseen development of the continued unplanned urban expansion has been the marginalization of the urban poor. The percentage of population of Kathmandu whose incomes were below the poverty line was estimated at 3.3 per cent by the Central Bureau of Statistics (CBS 2005) and 13 per cent (8 per cent households) by a local non governmental organization Lumanti working in the field of low income urban housing in Nepal (Lumanti 2005). The urban poor lived either in

slums, squatter settlements or rental accommodation, thereby exacerbating their problems. The number of squatter settlements in Kathmandu had grown to 63 settlement areas after being first discerned in 1968. Whereas, the current estimate of the squatters does not appear large in comparison to other neighbouring cities in the region, this is a growing trend which needs to be addressed timely before it reaches uncontrollable proportions. Urban poverty is result of a long process of marginalizing groups and social deprivation based on the need of the fulfilment of the basic necessities. In the context of Kathmandu valley, it can be asserted that incidence of poverty and growth in the number of urban poor can be stemmed by providing them with secured housing.

Hypothesis (iii): It has been established that regional countries with a similar social, economic and cultural background as Nepal have successfully formulated policies and implemented programs for meeting the needs of housing the urban poor. In this context, there is no reason that Nepal cannot formulate and implement its own programs and strategies to lessen the problems of urban housing poverty. The thesis is thus an investigation of the hypotheses.

1.13.3 RESEARCH QUESTIONS

Tight et al (2001:36) defined research questions as the key questions which the research seeks to address. As a result, this leads to the questions: What is urban poverty? How are situations influencing the access to housing for the poor in Kathmandu valley? What have been the ground realities of the housing status of the urban poor in Kathmandu valley? Will the role of institutional help alleviate the problem of housing the urban poor? In the case of Kathmandu valley, what have been the characteristics of the urban poor housing? What are the critical factors/ determinants for providing housing to the urban poor of Kathmandu valley? What is the proposed policy/ strategy of housing for the urban poor of Kathmandu valley?

Taking into consideration the above, the main research questions shall be:

What are the characteristics of the urban poor in Kathmandu in general and those related to housing in particular?

What should be the appropriate policy and strategy in order to meet the housing needs, particularly in the context of housing finance?

To what extent has the formal sector been able to contribute to meet the needs of housing the urban poor?

1.13.4 SCOPE OF THE STUDY

The scope of the research shall be to examine, assess and find out how the urban poor may be housed in Kathmandu valley, to examine the possibility of the formal sector initiating housing activities for the urban poor, to study the role of the institutional sector in this aspect in regional countries and to study the government's role in housing the urban poor in Nepal, draw conclusions and recommendations. The findings and conclusions shall be such that they will be useful for formulating major policy proposals, establish their priorities and identify their implications in the context of housing the urban poor.

1.13.5 LIMITATIONS OF THE STUDY

Limitations of the study include:

(a) *Difficulty in gathering the community people at one time.*

Although the community leader of the cases was provided prior information of the participatory approach to the survey, the people were nor not able to be mobilized in the community. This was due to job obligations, for example, this meant some people were available in the mornings, some in the afternoons and some in the evenings. It was possible only on holidays to gather most of the people at one specified time.

(b) *Fear of misuse of information.*

People from the squatter community were very wary about sharing information because they feared it could be misused and result in their eviction. They feared that once the information was collected and published, it could be accessed and, hence, be misused by

anyone. For this reason, the squatters were reluctant to answer certain questions, such as those relating to their region of origin. The fear was that if their origin was known, an authority might force them to return there.

(c) Sensitivity of the Issue.

Enquiries regarding land ownership, eviction and resettlement were involved in the study, which are sensitive issues in this context. The researcher was frequently asked by the people under study 'What would you do after this study? Would it help us getting housing facilities? Are we going to be benefited?'.

2. REVIEW OF THEORY

2.1 THEORETICAL FRAMEWORK

The theoretical framework is the basis upon which the study is established. It is within the framework of this theory that the study proceeds. Sekaran (1992: 73) described theoretical framework as the foundation on which the entire thesis is based. It is a logically developed, described and elaborated network of associations among theories that have been identified through such processes as interviews, observations, case studies and literature review. These theories are deemed relevant to the problem situation.

Theory, a supposition of ideas explaining something, especially one based on general principles independent of the particular things to be explained, is important because policy can have coherence and direction only if it is built upon a clear theoretical basis. Without a rational basis of theory, policy will tend to experience faults such as fragmentation, ad hoc crisis management and inappropriate practice. Theory has various purposes in social science and social policy. Pugh (1990) stated that first, it can be regarded as a necessary tool standing between intellectual people and their way of interpreting a very complex reality. Theory is then intermediary, and it focuses meaning by selecting relevant principles, setting aside some descriptive details. It is partly an abstraction from reality, but with an intent to illuminate reality.

Second, theory has two distinctive sorts of value. One value is social, with purposes related to policy, evaluation and to understanding. Another value is the inherent value of the theory itself, i.e., its epistemic value. From this assessment, the questions that are relevant include the following: Is the theory logically sound? What is its relationship to fact finding and to reality itself? These matters are relevant to housing because of the necessity to know whether theory matches the conceptualizations of housing. Housing theory will have some limitations of perception, scope and explanation. Theories will differ in the sorts of facts to which they are inclined.

2.2 POVERTY AND ITS DIVERSE ASPECTS

The words 'poverty' and 'poor' comes from the Latin word *pauper*, in other words poor, which originally came from *pau-* and the root of *pario*, i.e. 'giving birth to not much' and referred to unproductive farmland or livestock. Poverty may be defined narrowly as income poverty or broadly in terms of deprivation or lack of entitlements, following Sen (1981). On inequality, the author stated that it could be argued that inequality is fundamentally a different issue from poverty. To try to analyze poverty as an issue of inequality, or the way round, would do little justice to either. Inequality and poverty are not, of course, unrelated. However, neither concept subsumes the other. A transfer of income from a person in the top income group to one in the middle-income range must, other things being equal, reduce inequality; but it may leave the perception quite unaffected. Similarly, a general decline in income that keeps the chosen measure of inequality unchanged may, in fact, lead to a sharp increase in starvation, malnutrition and obvious hardship; it will then be improbable to claim that poverty is unchanged. The author argued that to ignore such information as poverty is not, in fact, an abstinence from non-authentic scientific accuracy, but blindness to important parameters of the common understanding of poverty. Neither poverty nor inequality could really be included in the territory of the other.

Poverty is, of course, a matter of inequality. The recent shift in focus, especially in the social literature, from absolute to relative inequality has provided a useful framework of analysis. Many different factors have been cited to explain why poverty occurs. However, no single explanation has gained universal acceptance. Some possible factors include (a) natural factors such as the climate or environment (b) the payment system that compels people to pay money in exchange for what they need. Those who do not have money cannot get what they need (c) not enough jobs. For those willing to work, the availability of jobs is central for existence. Work is the primary, if not exclusive, means of income; it occupies a great portion of time and is a source of dignity and achievement (d) human factors such as war and crime (e) inadequate nutrition in childhood in poor nations may lead to physical and mental stunting that may lead to

economic problems. Therefore, it is both a cause and an effect (f) disease overwhelmingly afflicts developing nations, which perpetuates poverty by diverting individual, community, national health and economic resources from investment and productivity (g) lacking rule of law, health care, equitably available education (h) government corruption and overpopulation. It is taken note that population growth slows or even becomes negative as poverty is reduced (d) discrimination of various kinds, such as age discrimination, gender discrimination, racial discrimination and caste discrimination. It is generally accepted as true that poverty brings despair and anger and it increases crime and causes social decay. However, Yunus (2006) argued:

For the last two decades, I have been talking about creating a world free from poverty. I talk about it not because it is unjust to have a world with poverty, which is, of course, true. I talk about it simply because I am totally convinced from my experience of working with poor people that they can get themselves out of poverty if we give them the same or similar opportunities as we give to others. The poor themselves can create a poverty-free world. All we have to do is to free them from the chains that we have put around them.

The argument is that poverty is not created by the poor people. So they should not be reproached. It is the lack of institutional insight that has created poverty. It was found that in the post war years, poverty was defined just in terms of low income, that is to say income poverty. However, by the end of the nineteen seventies, it was clear that poverty had a much delirious effect on human existence, and the concept of income alone was not adequate to capture the realities of the poor. Reflecting this thinking, lack of education, health and nutrition were included as other dimensions of poverty. After a series of participatory studies, it was recognized that the poor themselves saw their voicelessness, vulnerability and lack of institutional assistance as major problems. The causes of poverty in terms used by the poor themselves can be summarized in the following points: (a) lack of income and assets to obtain basic necessities: food, clothing, shelter and acceptable levels of health and education (b) a sense of voiceless ness and powerlessness in the institutions of state and society (c) vulnerability in adverse shocks, linked to an inability to cope with them (d) lack of institutional assistance.

There is general recognition that effective addressing of poverty requires not only generating economic growth but also improved capabilities and strategies to take advantage of the challenges and opportunities in this fast changing society. A study conducted by the United Nations Development Program (UNDP 1997) stressed that people centred development, increasing peoples' range of choices and expanding the options they have for realizing their individual and collective potential would find some solution to help meeting their needs. The collective potential is emphasized.

Poverty is much more than low income. It also reflects poor health and education, deprivation in knowledge and communication and absence of confidence and self-respect. There is also a likelihood of environmental diminishment. Behind these faces of poverty lies the grim reality of desperate lives without choices and often, governments that lack the capacity to cope. Thus, it was found that poverty has many aspects. Acharya et al (2003) summarized three classifications of poverty as: (a) *Economic or income poverty* that is measured in terms of absolute minimum income necessary to satisfy basic needs. The basic needs are usually calculated in terms of minimum calorie requirements, minimum for clothing, energy and shelter essential for survival (b) *Human poverty* which includes reduced capabilities to take advantage of market opportunities to cope with problems such as illiteracy, illness and lack of physical assets to realize human potential (c) *Ecological poverty* which includes degraded land, lack of clean air and water, inadequate access to basic services and lack of adequate infrastructure.

The concept of human poverty was introduced in 1997 by the United Nations Development Program (UNDP 1997) so as to look beyond income poverty in conventional line of malnutrition to other aspects of deprivation following Sen (1981) who argued that, while it can hardly be denied that malnutrition captures only one aspect of the idea of poverty. It is an important aspect, and one that is particularly important for many developing countries. However, it seems clear that malnutrition must have a central role in the conception of poverty. However, it is evident that human poverty also encompasses lack of personal security, lack of housing and inability to participate in the life of a community. The Human Poverty Index seeks to measure the degree of

deprivation in these areas by examining five attributes of poverty: malnutrition, illiteracy, early death, poor healthcare and poor access to adequate housing.

The basic dimensions in the human poverty index for the developing countries measures deprivations in the areas of (a) a long and healthy life: vulnerability to death at a relatively early age, as measured by the probability of not surviving to age forty (b) knowledge: exclusion from the world of reading and communications, as measured by the adult illiteracy rate (c) a decent standard of living: lack of access to adequate housing. It was found that the most common measure of overall poverty is the headcount measure, given by the proportion of the total population that happens to be identified as poor; example as falling below the specified poverty line income. The most common route to identification of the poor is through specifying a set of basic or minimum needs, and regarding the inability to fulfill these needs as the test of poverty (ibid.: 24). The international poverty line was set at U.S. \$ 1 a day in 1985 using the purchasing power parity method (Kunwar 2002: 23). Of the world's 6.68 billion people (2008 estimate), 20 per cent live on less than U.S. \$ 1 a day. Poverty remains a global problem of huge proportions.

The nature of poverty in the developed world differs greatly from that in the developing world. For this reason, developed countries usually measure the income level of poverty as portion of average income, or as amount below which a person or family cannot afford basic needs, including housing. For example, according to the United States government guidelines as of 2005, an individual with an annual income of less than U.S. \$ 10,160 or a family of two with annual income of less than \$13,078 is considered to be below the poverty line (TOI, December 16, 2006). In the United States, the poverty line is based on the dollar costs of the U.S. Department of Agriculture's economy food plan multiplied by three; because research showed that food costs accounted for about one-third of the total money income.

A new and immediate concern expressed widely was the phenomenon of growing inequality within the countries. Poverty tended to be discussed and defined in the

classical term of the minimum income necessary to purchase basic calorie intake. The choice of where the particular poverty line is drawn is a reflection of local values and has important strategic implications. It was found that for most countries, this limited definition of poverty is understandable because the development of reliable national database on any parameter of poverty is relatively new, and income/ expenditure data satisfied the need emphasized in some countries for a simple and basic indicator. In reality, all governments recognized the multiple dimensions of poverty by measuring and targeting a range of health, education and other standards regarded as fundamental to human well being.

The Oxford Dictionary (1991) defined poverty as the state of being poor and not being able to fulfill the basic necessities of life. Sen (1981: 22) wrote that poverty is a matter of deprivation. The author asserted that the issue of inequality has to be addressed. Causation of poverty and effects of poverty are important issues to study in their own rights. It was seen that the major effects of poverty are clinical depression, lack of sanitation, increased vulnerability to natural disasters, extremism, starvation, human trafficking, high crime rate, increased suicides, increased risk of political violence such as terrorism and war, homelessness, lack of opportunities for employment, low literacy, social isolation, increased discrimination and lower life expectancy

Rowntree (1901) defined families as being in poverty if their total earnings are insufficient to obtain the minimum necessities for the maintenance of merely physical efficiency. It was noted that biological considerations related to the requirements of survival or work efficiency have been one of the important universal criteria in defining the poverty line. It was recommended by the Asian Development Bank that the most advanced attempt to define and implement an all-inclusive matrix of poverty components would be to define poverty in terms of a three-tier needs hierarchy, commencing with *survival*: food/ nutrition, health, water/ sanitation and clothing; *security*: shelter, peace, income and employment; and *enabling*: people's participation, family care and psycho-social needs (ADB 1999). These appear to be rational.

Rein (1971) stated his view on poverty that people must not be allowed to become so poor that they offend or are hurtful to society. It is not so much the misery and plight of the poor but the discomfort and cost to the community, which is crucial to this view of poverty. There is also the problem of poverty to the extent that low income creates problems for those who are not poor. Lipton (1977) defined a poor household as that whose food expenditures absorb 70 per cent or more of the total expenditure. Hence, it is not unexpected that nutritional considerations related to the requirements of survival or work efficiency have been often used in defining the poverty line.

It was found that the concept of poverty being essentially one of inequality has some immediate plausibility. Even the poverty line to be used for identifying the poor needs to be drawn with respect to contemporary standards in the community in question so that poverty may look very like inequality between the poorest group and the rest of the community. The concept of poverty as it is presently understood is in terms of income, consumption and other parameters considered as basic needs. While income can vary from nil to anything higher, consumption has a lower limit based upon survival standards but increases as desirable standards of nutrition, health, shelter and other economical and social needs are determined. Where the income is below the desirable level of consumption, poverty line is drawn.

In this context, it is relevant to note that South Asia constitutes of 1.4 billion people, which is 22.2 per cent of the world population. It was found that the common factor that cuts across all the countries in the region is poverty. The percent of the population below the poverty line are: Bangladesh 49.8 per cent, Bhutan 36 per cent, India 26.1 per cent, Maldives 13 per cent, Nepal 31 per cent, Pakistan 32.2 per cent and Srilanka 26.7 per cent; the average for all the countries being 31.7 per cent. The richest 10 per cent in Nepal earn 9.3 times more than the poorest 10 per cent. The ratio is 7.6 in Pakistan, 9.5 in India, 7.9 in Sri Lanka and 6.8 in Bangladesh (SAAPE 2003).

2.3 NATURE OF URBAN POVERTY

Urban poverty is a complex and multidimensional problem with origin in both developing and developed countries, depending upon its nature and extent. The quality of life is influenced by the phenomenon of urbanization. It was found that forty nine percent of the world's poor live in South Asia (IBRD/ WB 2001). In most instances, rural to urban migration has been the major factor in increasing urban poverty. The urban poor occupy the lowest rungs of the social hierarchy and are deprived of basic services and amenities. The main reason behind this is the lack of effective policies.

Lack of appropriate policies/ effective strategies and malfunctioning institutional arrangements that span the entire society in urban areas create and reinforce urban poverty. Limited access to basic services like health, education, water, electricity, housing, convenient and cheap transport and communication further undermine their human resource potential. As rural poverty deepens and peace and order deteriorate, increasing rural people's vulnerability to violence in the countryside, families start thinking seriously of moving away to towns and cities where relative calm, livelihood opportunities and a measure of basic services offer meaningful alternatives.

It was observed that somewhere in the transition from a rural to urban location, the migrants discover that their image shifts too. Where once they were poor but had some say in society, they have become 'squatters', maligned as lawbreakers for taking illegal advantage of urban space. McCaulsen (1985) defined squatter as a person who has taken over unclaimed land, a house or a building and occupies it without the authority to do so. The definition of squatting implies a relationship between people and houses on land, but it is important to note that squatting is not only a land issue- it is an economic and social issue too. It is generally accepted that urbanization is one of the major causes of squatting. Nepal has the potential capacity to continue to urbanize faster in future, which would indicate that urbanization in future would cause a growth in squatter and population. Squatter infiltration- a gradual, almost individual spillage onto unclaimed

land, is common throughout the developing world. See Table 2.1. The usual start for this form of squatting is a few families settling in an available area. People will continue to settle until all available space is occupied.

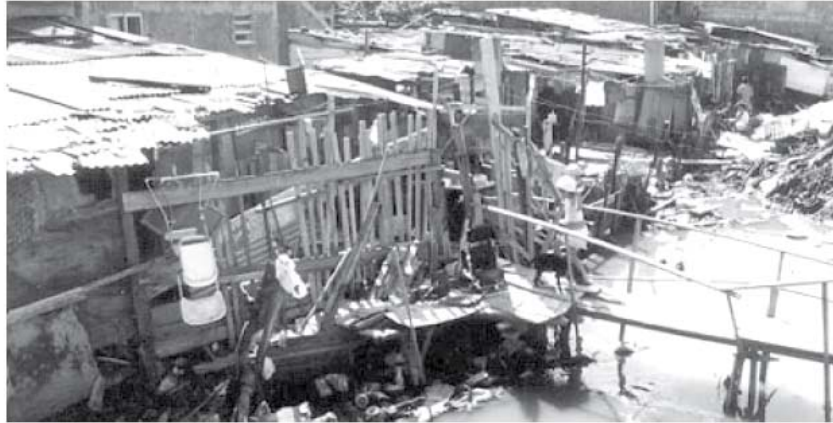
Table 2.1: Population living in squatter areas

	Squatter population (1997)	Total population	per cent
Karachi	3,400,000	9,269,265 (1998)	36
Delhi	1,065,600	12,791,458 (2001)	8
Dhaka	700,000	4,344,000 (1997)	16
Bangkok	222,665	6,320,174 (2000)	3

Note: The squatter population (1997) has been derived from Hassan 1997

Majale and Payne (2004: 11) defined a slum as a contiguous settlement where the inhabitants are characterized as having inadequate housing and basic services. However, the formation of slums and squatters need not be inevitable with rapid urbanization. Such an argument appears to be contradicted by evidence of large slum populations in a considerable number of developing countries and particularly in rapidly urbanizing regions like Asia. The answer to this phenomenon needs to be found. Evidence suggests that urban authorities faced with rapid urban development lack the capacity to cope with the diverse demands for infrastructural provision to meet economic, social and physical needs. Not only is the absence of effective strategic planning and intercession major issues in the agenda to manage rapid urbanization, but it is also that urban authorities are not effectively linking the economic development route in the right course for urban growth management to attempt to address the urban housing needs. It is emphasized that urban authorities have to first recognize the problem, and then act to establish the link that is crucial between economic development, urban growth and housing. This is the agendum that has been largely neglected by urban and national authorities with the consequent proliferation of slum and squatter formation as a housing solution. Squatter and slum settlements have formed mainly because of the inability of city governments to plan and provide a strategy for affordable housing for the low-income segments of the urban population; and therefore, squatter and slum housing becomes the housing solution for this low-income urban population.

Figure 2.1: Squatter settlement in Brazil



The informal economy in Nepal, from which most of the urban poor earn a living, accounts for a substantial amount of unrecorded gross domestic product. It allows the migrants to survive and gradually begin the climb towards an improved status; all this despite the absence of institutional support in the form of credit or other contribution. The belief that squatters are still largely rural migrants who should return home instead of disgracing the city with their presence does not hold (Fernandes 1998: 171). Perhaps this is because by holding on to that belief, urban officials can dismiss their responsibilities toward this group and toss the responsibility of caring for them back to their communities. The reality is that in long standing informal settlements, significant majorities of the residents are now second, and even third generation urban-born residents with no rural homelands to return to. They are genuine urban people.

Dismal performance of the formal sector has aggravated the situation of the urban poor and added further to their ranks through laid off formal sector workers. Construction and factory workers crowd the ranks of the informal economy in search of alternative sources of income. Women are driven to make up even more of the household income deficit by working longer hours or looking for additional earning activities. Surveys and evidence point to the resurgence of traditional coping strategies. Children are taken out of school to save on expenses and sent to work, or alternately sent to live with equally poor rural relatives. Parents reduce the number and quality of family meals; reduce on clothing or other purchases. Other activities such as pawning assets, renting out bed space, or

squeezing family into smaller surroundings surface. Thus, Ljung and Tannerfeldt (2006:87) asserted that legislation and policies should be revised in order to facilitate integration of the informal economy into the formal and institutional system.

Figure 2.2: Ramhiti squatter settlement, Boudha, Kathmandu (2009)



The issues of urban poverty and job creation have emerged because of several reasons. Prominent among them are: (a) The growing population in urban centres is accompanied by an increasing proportion of the poor (b) The increasing and steady trend of rural to urban migration due to the comparatively higher concentration of public utilities, infrastructure, services and job opportunities in urban areas (c) Low level of off-farm activities, such as manufacturing, tourism and construction to absorb the growing labour force of rural areas, coupled with low labour productivity, and (d) Inadequate financial support especially to the poor and underprivileged to encourage income generation.

Urban poverty takes specific forms of deprivation and misery among individual households. The degree of poverty can also differ. The situation of the urban poor is different from that of the rural poor. It is important to understand the particular features of urban poverty. It is clear that the first and perhaps most significant feature is that the urban poor depend on cash income for survival. Most food, as well as cooking fuel and water, has to be bought. Building materials, even for the simplest shack, are expensive. In

this context, the vulnerability of the poor can be categorized as: (a) Housing vulnerability: lack of tenure, poor quality shelter without ownership rights, no access to individual water connection/ toilets and unhealthy/ unsanitary living conditions (b) Economic vulnerability: irregular/ casual employment, low paid work, lack of access to credit on reasonable terms, lack of access to formal institutional programs and low ownership of productive assets (c) Social vulnerability: low education, low social caste status, lack of access to health services and exclusion from local institutions, and (d) Personal vulnerability: susceptible to violence/ intimidation, especially women and the elderly and lack of information.

A theory put forward by Chandrasekhara (1989) affirmed that urban poverty could also be seen as a transitional phenomenon. As new urban population is added due to migration or other causes, the level of poverty goes up. This tends to create a situation in which substantial sections of the population resort to substandard conditions of living. The author argued that urban poverty is not permanently attributable to any particular group or sections of the population. Therefore, the programs to fight urban poverty could also aim at intermediate help.

It is generally agreed that urban poverty differs from rural poverty in its nature, severity as well as its size. The sources of urban poverty, the mechanism of its emphasis and consequently the policies and programs required for alleviation of urban poverty are, in some important ways, different from those applicable to rural poverty. Urban poverty is in a sense a spillover of rural poverty. Both the poverties reinforce each other. This is owing to the migration from the rural areas under the impact of push factors. However, the features of urban poverty have some clear implications. For one thing, the urban poor are also the working poor rather than unemployed people, and their contribution to the economy cannot be neglected.

2.4 THEORIES ON URBANIZATION

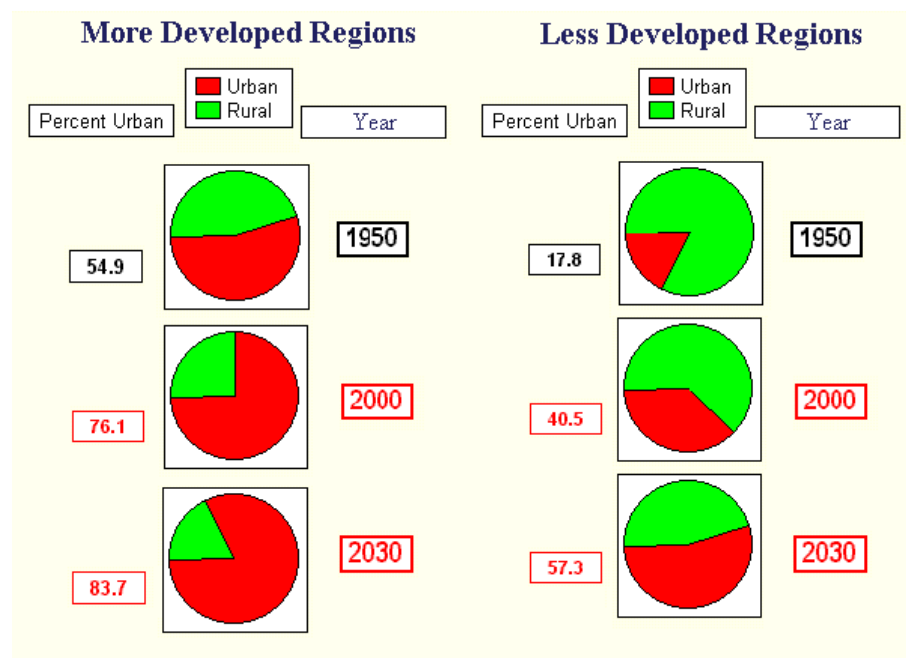
The transition from a predominantly rural to a predominantly urban society is a complex process with many contradictory and controversial aspects. The transition provides opportunities and benefits, but it also has negative consequences: poverty and inequality, slums/ environmental degradation, social instability and lack of security. These problems, however, are not inherent to urbanization. It can be said that urbanization is a consequence, but it is also a requirement for economic development. An increase of income per capita has, in every country, been accompanied by urbanization.

Lo and Yeung (1996) showed that the dynamics of urbanization in Asia started to change rapidly in the 1980s. The authors have characterized urbanization in developing countries as urban involution, and described the characteristics of urbanization in developing countries by three terms: *concentrated urbanization* (urbanization occurs while the rural population level is higher than that in developed countries); *primate cities* (over-concentration of economic, political and cultural functions in primary cities); and *over-urbanization* (inflow of population beyond a level the city can productively absorb). Among the factors associated with over-urbanization are high levels of unemployment and employment insecurity; large-scale inadequacies of infrastructure such as transportation systems, water supply and sewerage systems; and overall poverty levels that hamper the formation of financial mechanisms that could facilitate urban environmental infrastructure improvements. The authors were of the view that designing realistic financing tools for urban centres with substantial levels of urban poverty would be a solution for policymakers in Asian countries.

Urbanization refers to a process in which an increasing proportion of an entire population lives in cities and the suburbs of cities. Historically, it has been closely connected with industrialization. Economic forces were such that urban areas became the ideal places to locate factories and their workers. Demographically, the term denotes redistribution of populations from rural to urban settlements. Eisner et al (1993) defined towns as communities of below 50,000 population, a city as community of a population

larger than 50,000. Population centers of less than 500 are considered villages. Urbanization is often taken as a proxy for the level of development. Ljung and Tannerfeldt (2006) argued that there is no economic development without urbanization. Consequently, the urbanization process is inherent in economic and cultural development and the trends are universal- local factors can temporarily speed up or slow down the process but it can neither be stopped nor reversed. Attempts to curb urbanization may have an adverse effect on economic development.

Figure 2.3: Comparison of urbanization in more developed and less developed societies



Many of the earliest settlements commenced next to water sources such as the Indus, the Nile, the Euphrates rivers and the Mediterranean Sea, agriculture being one of the main means of survival. Then larger communities as compared to the village emerged, primarily as a result of increasing growth of crops and breeding of stock. This led to concentrated areas of storage facilities and concentration of people, and eventually, to the development of towns and cities. With the growth of an economy now not totally dependent on agriculture, cities started to attract people in the labour and employment sector in search of a better life; and with this, the beginning of urbanization.

It was found that the effects of urbanization leading to depressed condition of housing was seen as early as 1797, leading to the formation of the Society for Bettering the Conditions of the Poor in England (Eisner et al 1993). Efforts to relieve the burdens of the workers collected impetus. The Industrial Revolution (a term first used in the early 19th century to describe major changes in modes of production in Britain since the mid-18th century and their social consequences) led to a drastic reduction of the rural population. Growth of urban population was very fast: England's urban population grew from 4,000,000 in 1821 to 37,000,000 in 1936. Germany's urban population grew from 2,000,000 in 1821 to 48,000,000 in 1936. Repelled by the adverse housing conditions, urban centres were created by the private sector to supplement its housing requirements for its workers. Examples of this are a community developed by Robert Owen at New Lanark, Manchester, England in 1816, and George Cadbury, an English industrialist, who developed the town of Bourneville, England in 1879. The twentieth century saw concentrated efforts towards better housing for the low-income group. Notable among these was the City and Suburban Homes Company, New York, U.S.A., which built 3,500 dwelling units for the low-income people. However, despite certain private initiatives, the authors wrote that the urban housing problem remains unsolved, but added that certain policies have taken shape during the past decades. The necessity for formal institutions to render assistance in some form has been recognized. It has become apparent that private enterprise, if unaided, will not be able to provide an adequate supply of satisfactory housing to meet the wide variations in the income levels of all the people.

Formation of slum and squatter areas need not be inevitable with rapid urbanization. However, such an argument appears to be contradicted by evidence of large slum populations in a large number of developing countries, and particularly in rapidly urbanizing regions like Asia. This evidence suggests that urban authorities, faced with rapid urban development, lack the capacity to cope with the varied demands for infrastructural provision to meet economic and social needs. Strategic planning and intervention are major issues in agenda to manage rapid urbanization. However, urban governments and institutions are not effectively linking the economic development route to inferences for urban growth and, hence, housing needs. Urban governments and

institutions have to first recognize that housing lies within the productive sector, and then act to establish the link that is crucial between economic development, urban growth and housing. This is the agenda that has been largely neglected by urban and national governments that have narrowly focused on economic growth with the consequent proliferation of slum and squatter formation as a housing solution.

Asia's urban population grew from 590 million in 1975 to 1.2 billion in 1995. This population is projected to rise to 2.2 billion by the year 2015. The total population was 4.05 billion in 2008. In terms of urbanization level, it would mean that the proportion of the urban population in Asia is expected to grow from 24.62 per cent in 1995 to 47.80 per cent in 2015 (Ansari and Einsiedel 1998). India with an urbanization level of 27.78 per cent in 2001 (Planning Commission Government of India Vol. II 2002: 612), out of a population of 1,033.4 million, housing problems have severely increased. A shortage of 7.5 million urban housing units was indicated in 1993 (Hiraskar 1993). Industrial growth, employment opportunities and better infrastructural facilities have been the key factors of rapid urbanization in India. It is pertinent to note that the share of the urban sector (non-agriculture) in the nation's gross domestic product rose from 29 per cent in 1950-51 to 47 per cent in 1980-81 (Ansari and Einsiedel 1998). It was 77.8 per cent in 2003.

Sri Lanka, with an urbanization level of 21.8 per cent out of a total population of 20.06 million in 2003, is projected to have a total population of 25 million by the year 2021, out of which 40 per cent is expected to be urban. It is relevant to take note that in the regional context, Sri Lanka has one of the lowest population growth rates of 0.79 percent. Composition of housing in terms of income groups and area in dwelling units in Colombo are taken as 28-38 sq.m. for low-income group, 56-76 sq.m. for middle-income group, 115 sq.m. and above for upper income group and below 20 sq.m. for the economically weaker section (Gupta 1995). An income of U.S. \$ 41 per month per person has been taken as the poverty line for housing.

2.5 THEORIES ON HOUSING

Housing theory is important because policy can have coherence only if it is built upon a clear theoretical basis. Without a rational basis of theory, policy would tend to experience some faults such as fragmentation. Theory focuses meaning by selecting relevant principles. It is partly an abstraction from reality, but with an intent to illuminate and improve reality. Second, theory has two distinctive sorts of value; one value being social, with purposes related to policy and to social understanding. Another significant value is the essential of the theory itself, i.e., its knowledge value.

Here, it is relevant to clarify the conceptions about the notions of housing, which provides the conceptual basis for the treatment of the subject matter. First, housing is more than four walls and roof; it also includes tenurial security, reasonable access to essential services (water, sanitation, roads, transport, education, health) and to employment. Second, the important distinction between the two notions of housing as a noun or as a verb is to be understood (Fichter and Turner 1972). The adoption of the second, which implies that housing is more a process than a product, would lead to policy perspectives regarding the object of fulfillment of housing goals. The misconception regarding housing as a nonproductive investment seems to be a major bottleneck for the positive action and initiatives in the field of housing. Traditional process of planning has not been able to accord the housing sector the recognition it deserves.

Abrams (1964) detected the reality of the early 1960s. Squatter settlements were occurring on an enormous scale, and public housing programs were contributing very little to fulfilling the housing demands and needs. Clearly, the housing situation merited thought and action. The author understood that the process of migration to urban areas and squatter settlements could not be turned back by regulatory orders. Migration and emergence of squatter settlements were expressions of economic transformation and change. It was a part of urbanization that held some societal liabilities for economic improvement. Abram's main contribution was to correct the theory that the use of authority to clear squatter settlements could serve adequately.

Fichter and Turner (1972) expanded on their theory of self-help housing in the 1970s. For the authors, self-help housing was full of all sorts of social and economic virtues and saw housing provision as distinct from what they understood as economic matters. They concluded that the housing problem was distinct from economic problems such as employment and the distribution of wealth. It was a problem of the proper use of strategies available for housing- and not in straining all resources extensively for the production of the maximum possible number of contemporary standard housing units. Pugh (1990) stated that the basic theories of housing come under the name of three terms - affordability, cost recovery and replicability.

Affordability

Affordability has to be stated in direct and relative phrases. Governments in developing countries used their own budgets to develop public housing, built in the form of standard structures. However, inevitably, it was found that public budgets were hard pressed and limited in the context where rural- urban migration added to urban population and to urban poverty. There was not enough public housing to meet the demands of all deserving social cases and claims. Moreover, it was not affordable to low income groups. Housing insufficiency was gross and growing rapidly. It was also found that housing shortages were so severe that small additions to the stock were taken over by the non-poor. The poor would continue to live in their affordable housing, which for them, could be a place on a city pavement, a part of a room in a dilapidated tenement or a small illegal structure on land suited for squatter settlement and encroachment.

In designing the affordability of the presumed beneficiaries, it is important to observe the economic behaviour of the poor households in terms of their user preferences, income characteristics and household composition to enable them to acquire secured housing. Hamdi (1995: 88) indicated that enablement is far from being an abstraction of social science or benevolence. Thus, a realistic definition of affordability would require relevant data on the economic status of the poor households so that appropriate target groups could be identified for eligibility of the services. This is needed in relation to individual services and total household budgets over time to assume

affordability parameters. In this context, Majale and Payne (2004:99) argued that formal institutions should be committed to innovate ways of working to improve the urban environment of the poor. The authors stated this could include the formal institutions adopting the role of enabler and developing the capacity to fulfill a pro-poor strategy for securing them adequate housing.

Cost recovery

Cost recovery is in part derived from a financier's basic predisposition. User payment and the individual's perception of repaying cost is recommended. In this way, housing and other services will be appropriately valued by and allocated to the beneficiaries. The argument is not without social thought or detached from reality. In the context of developing countries, it could be argued that public budgets could not possibly cover housing demands or housing needs in any reasonably short time frame. Use of public expenditure subsidies, in themselves, would be inadequate for a country like Nepal. The counter idea of cost recovery was seen as a way of changing attitudes towards achieving positive results, and as a necessity in face of hard realities. Cost recovery is the message to exclude overt public expenditure. Ljung and Tannerfeldt (2006:128) have emphasized that most housing subsidy programs in developing countries have been costly and have had little effect on living conditions for the great majority of the urban poor. However, the authors stated that poor countries should subsidize infrastructure and services for the poor. Jha (IIPA 1989: 244) stated that provision of services for the urban poor could be financed either on the basis of cost recovery or subsidy. Cost recovery, in order to be successful, requires a level of affordability, which would enable the beneficiaries to pay for the services provided to them. Conceptually, there are three ways of financing services for the urban poor: enhancing the productivity of cities, cost recovery and subsidy.

Fundamental to the financing of services for the urban poor is the enhancement of their income levels so that they could be in a position to afford the services and facilities provided to them. The author asserted that enhancing the productivity of cities is primary in urban development. Increased productivity would result in increased personal income

of the urban dwellers and hence, also of the urban poor. This would make urban development programs self-supporting propositions because cost recovery, both direct and indirect, would be easier, and thus, avoid the need for subsidy.

Cost recovery, both direct and indirect, is inevitably related to income level. Beneficiaries of a service should have the affordability to pay for it. Employment and income generation is, therefore, an important precondition for making the cost recovery feasible. Besides the income, it is also essential that the distribution of income be not highly skewed so that even the lowest income bracket could have the capacity to pay for the services and facilities. It was found that if cost recovery were resorted to without these two preconditions, it would result in a highly iniquitous situation. The author argued that practices of providing services especially the shelter without charging anything for it needs to be gradually discontinued. Any prolonged practice of this would provide legitimacy to it. Therefore, to the extent possible, the services to the poor should generally be provided on basis of recovery. This would make the beneficiary responsible and also responsive.

Replicability

Replicability brings affordability and cost recovery into a full circle of interdependent consistency. All costs are recovered because they were affordable to the target groups and projects are managed to achieve this result. The result then generates possibilities for substantial repetition. In other words, projects and programs yield sufficient funds from finances and resource power so that a new project can be started. Consequently, there is a continual round of projects, extending into time with the appropriate impact, the reduction of housing shortages. In the context of replicability, Hamdi (1995) argued that flexibility, too, should be incorporated for good housing design. The author wrote that flexibility is to achieve good fit that can change over time (such as increase in family number) on grounds of good design with a strong social and user bias to provide a private domain that will fulfill each occupant's expectations.

The affordability, cost recovery and replicability set of mutually reinforcing principles are persuasive in their circumstances. Theoretical and ideological guidance is one thing and actual operation sometimes quite different. Political manipulation may intervene to undermine cost recovery. Affordability will remain full of dilemmas if cast among the very poorest, and might only be met if housing provisions some rungs up the ladder of income inequality is targeted. Improper management may forestall both cost recovery and replicability.

Literature in housing has a selection of mainstream theories. These include the contributions of Turner, Burgess and the World Bank. The World Bank has additional significance because it has the political and financial resources to bring its theory into application. This application has been reformist in the sense that it challenged the previous public housing approach, with an intent to spread housing more economically among low-income households. Few theories remain at a distance from the World Bank's trinity theory of affordability, cost recovery and replicability.

For developing societies, housing has potentially positive roles in the process of development. However, if housing is understood in narrow ways, then its potential cannot be realized because it is interdependently linked with wide ranging changes in education, health and ways of living and developmental change. Housing and poverty have logical urgencies; nevertheless, theory has policy and operational/ intellectual relevance.

2.5.1 HOUSING POLICY

For housing policies and strategies in developing countries, perhaps the most significant development has been the fundamental change in spatial dimension of poverty. Urbanization of poverty in developing countries is most conspicuous in the proliferation and expansion of slums and informal settlements. In countries in transition, urban poverty is characterized by rapid growth of substandard housing and slums and an absence of capital spending on the existing housing stock. The intrinsic link between housing conditions, policy options and the overall economy has been recognized for a long time. This is reflected in the way in which the dominant development paradigms

have influenced the housing policies adopted by developing countries. During the early 1990s, many countries made substantial progress towards redefining the aims and objectives of their respective national strategies to coincide with the principles of the enabling approach (UN- Habitat 2006). In many cases, there was also wide consultation with non governmental organizations, community and private sectors.

Human settlement objectives derive from the directive principles of the social policy, as mentioned in the constitution of Nepal. The constitution grants to every citizen the fundamental right to acquire, enjoy and deal with their property. The directive principals also specify that the State shall adopt a policy of raising the standard of living of people by developing basic structures such as housing. The Tenth Plan (2002-2007) of Nepal has singled out attaining sustainable economic growth and achieving poverty alleviation as its development objectives. At the same time, within the framework of the Tenth Plan's objectives, the policies incorporated also seek to foster people's participation for bettering human settlement and to improving living conditions of the inhabitants.

Specifically, the government needs to adopt the policy of promoting urban development. The process of urbanization is complementing the growth process of the local economy; and hence helps to increase the supply of financial resources, augment the number of new houses and upgrade the existing ones. In order to achieve sustainable development, it becomes evident that policies need to promote non-farm employment opportunities and to enhance the capability of urban settlements to create jobs and development services.

It was found that provision of housing for the low-income section of the population has been the keystone of government housing policies in developed countries. Nepal's basic minimum needs strategy on housing and other needs have been guided by the same concern, but the results are yet to be seen. The concern for and the need of providing housing for the increasing population, as well as for the homeless, have been expressed in different plans; but those who need it the most have not benefited. Apart from the role of these schemes in meeting the needs of the intended beneficiaries, it is yet

to be assessed whether these housing schemes are in consonance with the need of the local condition and socio economic needs of the poor population.

Housing policies implies identification and assessment of complex but interrelated issues like forms of tenure, housing standards, site and services and financing. In formulation and identification of a realistic housing strategy, following issues have direct bearing on policy:

- (a) Supply of land for housing including policies on land acquisition, methods of disposal of land for housing, land ownership, role of government in sites and services.
- (b) Financing policy: role of private and institutional financing organizations, their sources of finance, personal resources of the potential beneficiaries and financing policy for low-income urban families.
- (c) Government or institutional role in administration and management policies on housing, institutional arrangements for carrying out finance, construction and means of coordination among the institutions.

In this context, in realization of the requirements of a national shelter policy, the government formulated a policy in 1996 in the Eighth Plan (1992-1997). This effort was the first of its kind in Nepal. It recognized the important role of dwelling units in the alleviation of poverty and generating economic development. It recommended that the government should act as a facilitator for the fulfillment of shelter targets and that the private sector should play an important role in formal and informal sectors. The main objectives outlined were:

- (a) To facilitate in the task of producing dwelling units and improving the standard of shelter.
- (b) To orient the housing sector to financial self-reliance, mobilize financial resources effectively and promote the utilization process.
- (c) To clarify the role of the government, non-government and private sectors in the fulfillment of shelter needs and improve the operational structure through appropriate institutional basis and creation of legal framework.

(d) To continue undertaking activities that support housing the majority of low-income group and the shelterless, continue launching other activities to improve the provision of ensuring rights and security of land, cost recovery and cross subsidy.

However, no explicit strategy on housing the urban poor is mentioned. Here, it is relevant to note that in India, the first efforts in housing plans and policies focused on the poor. The first integrated subsidized housing scheme for the low-income people was formulated in 1952 (Hiraskar 1993) and the first guidelines for requirements for low-income housing was formulated in 1978, IS: 8888: 1978 which was updated in 1993, IS 8888 Part I- Urban Areas: 1993 (Bureau of Indian Standards 1997).

2.6 SECURE TENURE

Security of tenure describes an agreement between an individual or group to land and residential property which is governed and regulated by a legal and administrative framework. The security derives from the fact that the right of access to and use of the land and property is underwritten by a known set of rules, and that this right is justifiable. The tenure can be affected in a variety of ways, depending on constitutional and legal frameworks, social norms, cultural values and, to some extent, individual preference.

In summary, a person or household can be said to have secure tenure when they are protected from involuntary removal from their land or residence, except in exceptional circumstances, and then only by means of a known and agreed legal procedure, which must itself be objective, equally applicable, contestable and independent. Such exceptional circumstances might include situations where the very physical safety of life and property is threatened, or where the persons to be evicted have themselves taken occupation of the property by force or intimidation. Dhar (2006) stated that granting of secure tenure, the acknowledgement of the permanence of the urban poor are fundamental to create conditions which enable people to discharge their obligations as urban citizens.

Types of residential tenure

The following are the major categories of tenure:

Rent

Rent is a form of leasehold, in terms of which access to a property and the use thereof is governed by a legal agreement of fixed duration. Agreements are normally governed by law. Rental agreements operate either in the private domain, as contract between private citizens and bodies corporate or companies, or in the public domain, wherein the rental is provided by a public body, such as a local authority, as part of a social housing policy. It is common, in formal rental agreements, for the lessor to assume some responsibility for the maintenance of the property. It is the form of secure tenure least likely to lead to capital investment by the lessee (and, some may argue, by the lessor). However, for low-income families, rental is seldom formal or regulated in many countries. Agreements are arrived at informally, with little or no recourse to legal advice, and the agreements are enforced in a non-legal manner.

Leasehold

Leasehold conveys the right of beneficial occupation to land or property, but such occupation is circumscribed by both a finite period of time, as well as the specific conditions of the lease. The lessor retains ultimate control over the property, through the stipulated time limit and conditions. Upon expiry of the lease, the lessor may automatically reassume occupation, reallocate the lease to another person or body, or extend the lease of the occupant. For the period of the lease and subject to compliance with the terms of the lease, the occupant benefits from secure tenure.

Freehold

Freehold is the form of tenure, which confers on the titleholder the maximum control and discretion over the land, normally only circumscribed by law and/ or planning and zoning restrictions. It provides for the land (and improvements) to be used as collateral or mortgaged, it may be transferred or bequeathed in the discretion of the titleholder, and is free from any time restrictions: it is title in perpetuity. It is the form of tenure most associated with investment and speculation.

Conditional Freehold

A hybrid of leasehold and freehold, this is effectively a lease that may be converted to freehold upon the fulfillment of stipulated conditions, which ordinarily include the payment of the lease for a period of time.

Collective forms of tenure

There is a variety of methods of enjoying full security of tenure within a collective framework. The principle relates to the sharing of access to a property on the basis of an agreement, which specifies the terms and conditions of such access. This may take the form of the creation of a body corporate or a housing association or cooperative.

Communal tenure

One of the defining features of communal tenure is that it is common for the community to have a long and common history and cultural identity, such as ethnic group or clan. Access to such land may be governed by custom, and include the right to use and to occupy, but not to transfer or alienate. The decision would be determined by the community as a whole.

2.7 HOUSING FINANCE

The financing of shelter is an important economic activity in any economy. Moreover, for the average family it is the single most important investment. Thus, an understanding of the nature of housing finance will be an important component in the analysis of the shelter sector. In a country like Nepal, with its urgent need of rapid economic growth and alleviation of poverty, shelter finance must be seen within this wider national context. The context of the financial sector in Nepal is first and foremost the state of the national economy. An overview of economic indicators gives a picture of a poor predominantly agricultural country whose economic growth has barely exceeded population growth.

In Nepal, the social mandate of the government requires that the basis shelter needs of the population be addressed. Housing finance can be a very effective means of

achieving this social objective, but there is an inherent problem with the financial sustainability of any program being considered. Housing finance is usually understood to mean long-term financial help to individual households for the purchase or construction of dwellings. However, in Nepal, certain questions have first to be addressed: Where are the needs greatest? And, equally important, for which of these elements can finance be conveniently mobilized, and what social and economic priorities should determine the allocation of the financial assistance? A study of the predominant methods of housing finance in Nepal reveals that self-finance by households is overwhelmingly dominant form of finance for housing, including the financing of the land component (Pokharel 1999). This statement holds for all income groups and all geographic regions of the country. By self-finance is meant family savings. This may or may not be augmented by other sources, but in almost all cases savings in the form of cash or convertible assets are the most important source of funds for both land acquisition as well house construction.

Table 2.2: Source of finance for land and house construction in urban areas in Nepal

Source of finance	Land response percent	House construction response per cent
Cash savings	69.5	70.8
Kind savings	1.2	5.4
Remittance	6.1	3.8
Friend/relative's gift	0	3
Bank loan	6.1	10
Employee loan	12.2	13.8
Cash dowry	2.4	3.8
Kind dowry	0	0.8
Inlaw property	2.4	0
Inlaw cash help	0	3.1
Ornament sale	14.6	13.1
Property sale	8.5	5.4
Land sale	23.2	24.6
Animal sale	1.2	1.5

Source: MHPP 1992

It was found that there is a mix of financing sources; families may arrange for funds from many different places. Yet one pattern is clear. For the finance of both land acquisition and construction, cash savings by far topped the list of possible sources, as

evidenced by 70.8 per cent in for housing construction in urban areas. This leads to the importance of savings in the housing process. The second most often mentioned source, sale of land, comes a distant second. The importance of household savings for housing finance becomes even more pronounced when the sale of family assets is considered. It is mostly a means of transferring a family's past savings into land and shelter. For example if the various sales are added to savings in cash and savings in kind, then 75 per cent of the all sources of finance for shelter are explained.

The self-financing of shelter in Nepal is essentially tied to the overwhelmingly predominant owner builder housing supply process. This process, in almost all cases, extends over several years, with families marshalling resources to support the stepwise activities of land acquisition and building. The financing for power, water, sanitation, roads and drainage for urban housing areas is a public sector responsibility. Additionally, it is perceived as such by the residents. Most infrastructure funds come from government line budgets that are financed through general revenues. Direct or indirect cost recovery from beneficiaries is weak. In the absence of public infrastructure, much of the cost of utilities is borne by inhabitants. For example, the most common form of water supply in urban areas is from tube wells, a household expense. And for those urban households who have toilets, the majority installs their own septic tanks and soak pits. Financing sources for these facilities is the same as for house construction.

To arrive at the possibility of households being able to afford housing requires making a number of assumptions. The first and most important assumption is that their ability to pay for housing is directly related to their current incomes and savings. Other assumptions which must be made include (a) the portion of income that can be devoted to new housing, (b) the amount of savings that can be accumulated as a down payment for housing, (c) the size and costs of both land and building to be acquired and (d) the availability and conditions of financing for housing.

The need for housing finance may seem obvious, but in a country like Nepal, there is the question: Will housing investment (finance mechanisms, institutions and

activities), especially for the poor, contribute to or complement economic growth? It can be argued that the shelter good itself is productive, that mechanisms to finance housing can stimulate higher national savings rates and arrange in due course resources that would otherwise be used for other consumption, and that housing finance is an entry point to stimulate a whole range of self-help development activities among the deprived.

Housing finance is usually understood to mean long-term finance to individual households for the purchase or construction of dwellings. But in Nepal, where are the needs greatest? Equally important, what social and economic priorities should determine the allocation of financial resources? The question is how to fit formal institutional financing facilities to housing the urban poor. The social mandate of the government requires that the basic shelter needs of the population be addressed. Appropriate housing finance strategies for the poor can be a very effective means of addressing these social issues. In this context, it is pertinent to comprehend Turner's (1989:182) theory that the most important supports that increase access to affordable and secure housing for the poor are affordable strategies, procedures and access to credit. The author argued against standard solutions and supported structuring government and institutional policy and strategy making. Thus, there is a necessity to build a suitable alternative theoretical basis on which to rethink housing for the urban poor as flexible incremental activity.

2.8 INEQUALITY AND HOUSING

Inequality deserves more discussion and reflection than it normally receives. In the context of housing, it should be looked at from several perspectives. Pugh (1990) stated that first, income equality could be seen either from a flashpoint in time, i.e. cross sectionally, or across a life cycle, i.e. longitudinally. Life cycle income inequalities can extend cross sectional inequalities because many individuals and households will remain in low or high incomes respectively over the course of years. This emphasizes inequalities. However, for some individuals and households, housing represents a means of saving and acquiring asset value. Over some parts of the range of income inequality

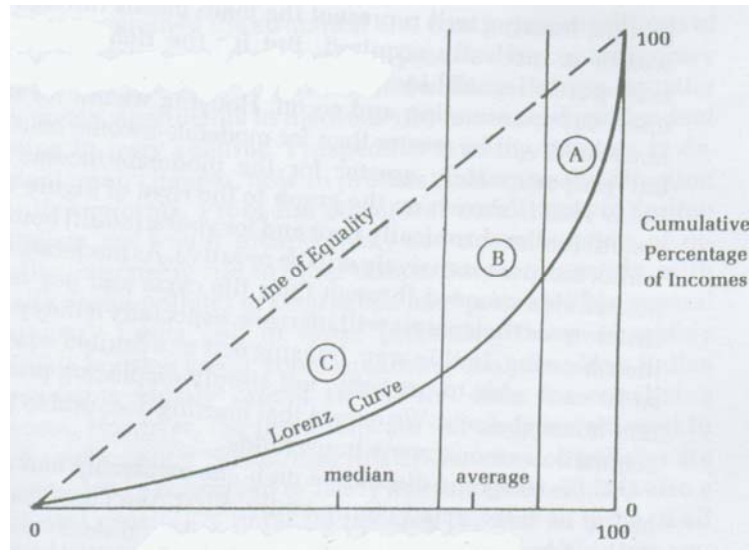
this asset and income effect will partially equalize. However, for those in long-term poverty, home ownership and savings for a deposit is extremely difficult.

Second, from a life cycle perspective some housing inequality is to be expected. Those in the early phase of their life cycle will not have accumulated savings to the extent possible by older people. However, much housing inequality will reflect the prior inequalities of income from earnings. Housing policies can variously endorse or emphasize the prior inequalities depending upon how they are formulated and operated.

Third, housing inequality has some important features of an inherent nature, compared with cash income inequality. Cash income inequalities proceed from low incomes to high incomes in small continuous gradings, though the end result is, of course, a large difference between the richest and the poorest. Housing inequalities are far more discontinuous, with larger steps and threshold obstructions between the lines that separate different subsections of the housing system.

A Lorenz curve is a diagram showing the cumulative percentage of national income received (or percentage of national expenditures paid) by a certain percentage of individuals or households. The purpose of the diagram is to depict the difference of actual income or expenditures from perfect equality among individuals or households. The Lorenz curve is used in economics to describe inequality in wealth or size. It is a function of the cumulative proportion of ordered individuals mapped onto the corresponding cumulative proportion of their size. If all individuals are the same size, the Lorenz curve is a straight diagonal line, called the line of equality. If there is any inequality in size, then the Lorenz curve falls below the line of equality. Figure 2.4 represents an example of the Lorenz curve of cross sectional income inequality.

Figure 2.4: Lorenz curve of cross sectional housing inequality



It displays the main distributional aspects of the housing system, divided into categories A, B, and C. Category A includes high-income groups. They obtain their housing by way of credit loans or savings. Accessibility to standard housing generally does not represent a problem for these households. Category B households aspire to home ownership. However, in these cases, housing supplies are tight and these households are in a competitive situation. Category C is comprised of the poor and low-income groups. Competition is pressed by low financial resources. Consequently, they spill out onto pavement dwellings, into squatter settlements, into crowded slum tenements or wherever there is space and opportunity to support life. The Lorenz curve lies well below the equality line for Nepal. The perfect equality line shows what the income distribution would be in the case of perfect equality. It is a 45-degree line that starts of at zero and ends at 100. Because of the inequality, the Lorenz curve starts very slowly and does not rise rapidly until the wealthiest people or households are included. The actual distribution curve sags below the line of equality; and the greater the inequality, the greater the sag.

2.9 POVERTY INCIDENCE IN NEPAL

Nepal is one of the poorest countries in the world with a per capita GDP of U.S. \$ 323.4 in 2006 and an overall poverty incidence of 30.8 per cent. It ranked 167 out of the 182 counties listed with the International Monetary Fund in terms of GDP per capita (IMF

2006), with Burundi having the lowest GDP per capita of U.S. \$ 107. See Appendix 7. Various factors have combined to cause income poverty, namely slow overall growth in the face of a rapid increase in population, low rates of productivity improvement and limited economic and social infrastructure. This explains why poverty remains high. Nepal uses the basic needs approach in most of its analyses. A household is defined as poor if it does not have adequate income to meet its minimum basic needs, defined to include 2,124 cal per day per person (CBS 2005), minimum of shelter and access to primary education. The nutrition norm of per capita 2,124 cal was determined based on the minimum caloric requirements for different age/ gender groups and the composition of an average Nepali household. (Appendix 2).

Poverty has persisted in Nepal because of low economic growth, inadequate social and economic infrastructure, relatively high population growth, low access to land, and low access to non-agricultural income. Nepal ranks 129th worldwide in the Human Development Index (HDI) (UNDP 2002: 18). The HDI has been used to measure average achievement in basic human capabilities since 1990. It has three components: longevity, educational attainment and standard of housing. Nepal's levels of human development are low even by regional standards. The country's HDI value was 0.48 (UNDP 2002), slightly above Bhutan (0.477) and Bangladesh (0.47), but below the others of the region. Whereas, the Human Poverty Index (HPI) for Nepal was 44.2 in 2002, with a place of 77 out of 90 developing countries. The HPI for Nepal is higher than for any other South Asian country, indicating a worse situation. By comparison, HPI for Bangladesh was 43.3, for Pakistan 39.2, for India 34.3 and for Sri Lanka 18. The HPI seeks to measure the degree of deprivation in these areas by examining five attributes of poverty: illiteracy, malnutrition, early death, poor health care and poor access to housing.

Basic services remain inaccessible to large segments of the poor in Nepal, and the quality of these services is low. Public investments have yet to become effective in addressing poor people's needs. Thus, being poor in Nepal means continuously facing the risk of food scarcity, sickness, and being deprived of productive assets, adequately paying employment opportunities and the ability to send their children to school or pay

for medical treatment when required. It often means living under conditions of social discrimination. It also means being forced to perpetually move in search of employment.

The first poverty estimation in Nepal was carried out in 1976-77, which estimated that 33 per cent of the total population lived below the poverty line (NPC 2005:14). Poverty incidence in Nepal was 30.8 per cent in 2003-04 using the head-count measure (CBS 2005). The incidence of poverty in 2003-04 varied considerably across different parts of the country, ranging from 3.3 per cent in Kathmandu, 13 per cent in overall urban areas and 44.8 per cent in the mid-western development region (Table 2.3). In terms of poverty incidence across the belts of Nepal, the Tarai belt has the lowest poverty rate at 28 per cent, compared with 33 per cent in the Mountains and 35 per cent in the Hills.

Table 2.3: Nepal 2003-04 Poverty measurement

Region	Poverty headcount rate
Kathmandu	3.3
Overall urban	9.6
Overall rural	34.6
Development regions	
Eastern	29.3
Central	27.1
Western	27.1
Mid-western	44.8
Far-western	41
Ecological belts	
Mountain	32.6
Hill	34.5
Tarai	27.6
Nepal	30.8

Source: CBS 2005

A poverty profile describes who the poor are by indicating the probability of being poor according to various characteristics, such as the sector of employment and the level of education of the household head, the demographic composition of the family and the amount of land a household possesses. Households headed by agricultural wage labourers are the poorest in Nepal. In 2003-04, the incidence of poverty among this group

was 54 per cent. As a share of the national population, this group is small and in decline, comprising 6 per cent of the total population and 11 per cent of all poor in 2003-04 (Table 2.4). The Nepal National Habitat Committee estimated that the per capita income of urban poor to be less than U.S. \$ 100 in 1996 (National Habitat Committee Nepal, 1996:5). The second poorest group in Nepal is made up of those who live in households headed by self-employed in agriculture. In 2003-04, the incidence of poverty among this group was 33 per cent. This is the most populated employment sector category with 67 per cent of all poor in 2003-04. Households whose head's main occupation is in trade and services had a relatively low incidence of poverty of 14 per cent in 2003-04.

Table 2.4: Poverty measurement by employment sector of the household head, Nepal 2003-04

	Poverty headcount	Distribution Of the poor	Distribution of The population
Self-employed in Agriculture	32.9	66.9	62.7
Manufacturing	31.2	4.5	4.4
Trade	11.1	1.6	4.5
Services	14.4	1.5	3.2
Wage earner in Agriculture	53.8	10.9	6.2
Professional	2.1	0.2	2.9
Other	28.8	10.0	10.7
Unemployed	2.9	0.0	0.2
Non-active	26.9	4.4	5.1
Total	30.8	100	100

Source: CBS 2005

It was found that households headed by professional wage earners comprise the category with the lowest poverty incidence of 2.1 per cent. Similarly, households headed by those who are out of the labour force are less poor on average than those in all other employment categories, indicating that both the unemployed and the inactive can afford to stay in these states because they are more likely than the others to have other sources of income. It was found that changing the sector of employment for a household head from casual agricultural labourer to self-employment or other jobs reduces the probability of a family being in poverty.

Differences in educational attainment of heads of households are reflected in varying poverty rates (Table 2.5). It was found that households with illiterate heads had a 42 per cent poverty rate, which is the highest rate among all education groups. The poverty rate progressively declined as the level of education attainment by a household head increased. Having attended primary school brought down the probability of being in poverty to 28 per cent, having attended secondary school brought it down to 23 per cent and having attended higher secondary school brought it down to 8.4 per cent.

Table 2.5: Poverty measurement by education level of the household head, Nepal
2003-04

	Poverty headcount rate	Distribution of the poor	Distribution of the population
Illiterate	42	70.9	52.1
5 or less years of Schooling	28.2	16.8	18.4
6-7 years	23.3	8.1	10.7
8-10 years	8.4	3.9	14.5
11+ years	1.6	0.2	4.3
Total	30.8	100	100

Source: CBS 2005

Changing the education level of a household head has a substantial impact on the probability of a household being poor. For example, it is taken note that if an illiterate household head attended primary school, the probability of this household being in poverty declined significantly.

2.10 DERIVING THE POVERTY LINE

The official poverty line for Nepal has been derived using the cost of basic need method (CBS 2005). The method entailed the following main steps:

- (i) First, a nutrition norm of per capita 2,124 cal per day was determined based on the minimum caloric requirements for different age and gender groups and the composition of an average Nepali household (Appendix 2).

- (ii) Second, thirty-seven food items for which units and prices were available were selected and their quantities consumed by the households in the second to fifth decile of per capita consumption distribution were determined. Expenditure on these thirty-seven goods represented, on average, 85 per cent of all food expenditures of households; so it has been assumed that these foods provided 85 percent of all requisite caloric requirements. The average actual caloric content of this food bundle was found to be 1,736 cal. To ensure that the food basket yielded the requisite calories, all quantities were scaled up uniformly by the ratio of 1,805/1736 (1,805 cal is 85 per cent of 2,124 cal).
- (iii) Third, the cost of this bundle was determined using mean unit values for these goods.
- (iv) Fourth, with the assumption that all other foods have the same price per calorie, the food basket that would provide 100 per cent caloric requirement would cost 15 per cent more.

In case of non food price indices, estimated relative costs of renting a typical housing unit was taken into account (CBS 2005). The urban consumer price index of the central bank (Nepal *Rashtriya* Bank) was used to appropriate the sequential change in food prices. It was found that Bangladesh Poverty Assessment (2002) used a similar approach of using a survey based index and an official consumer price index. Official estimates of the Indian measure for determining of the poverty line are based on a norm of 2,400 calories per capita per day for rural areas and 2,100 per capita per day for urban areas. Translating it as money for food, it comes to U.S. \$ 163.75 per year, as of 2005 (TOI, December 16, 2006). Rajghatta (ibid.) stated that the Indian poverty line does take into consideration other factors such as shelter or clothing. The poverty lines for Nepal are presented in Table 2.6.

Table 2.6: Nepal 2003-04: Poverty lines per person per year

			Total (Rs)
Kathmandu	6,722.00	4,334.80	11,056.80
Other urban	4,919.20	2,981.90	7,901.10
Rural western hill	5,613.00	3,288.50	8,901.50
Rural eastern hill	5,311.20	2,758.50	8,069.60
Rural western <i>Tarai</i>	4,308.40	3,110.00	7,418.40
Rural eastern <i>Tarai</i>	4,323.20	1,755.60	6,078.80
All Nepal	4,966.40	2,729.40	7,695.70

Source: CBS 2005

Note: The figure for other urban does not seem to be plausible.

3. CONTEXT OF THE STUDY

Until the first century AD, myths and legends are the primary sources of information on Nepal. The early history of Nepal is shrouded in legend, much of which exclusively concerns the Kathmandu valley. Bista (1991) wrote that other areas represented in the mythic folklore of Nepal are Janakpur, the domain of King Janak in the *Ramayana*; Biratnagar, the country of King Birat of the *Mahabharata* and Kichakbin in Jhapa where King Kichak was killed in a dual with Bhimsen in the *Mahabharata*. As mentioned in the chronicle *Gopala Rajavamshavali* (Malla and Vajracharya 1985), the name of a group of Gopala cowherds who founded the first kingdom in the Kathmandu region is said to have been Nepa. Gopala is a Sanskrit word in which *go* means a cow, and *pala* means herder. Bista (1991) wrote that it was only in the second half of the first millennium that the fragmentation of the then Licchavi empire began and there arose two other powerful kingdoms. The Licchavi empire existed in what is now Bihar state of India since before the birth of Mahavira (b. 599 BC); and later a kingdom in Nepal which existed in the Kathmandu valley from approximately 400 AD to 879 AD. One was the Kingdom of the Magars in Palpa and the other was the kingdom of the Khas in the western region with twin capitals at Dullu and Sinj (ibid.:24-29). By the fourteenth century, the Mallas (1200 AD-1769 AD) had assumed dominance of the Kathmandu valley. Subsequent historical developments continued to shape the importance of the Kathmandu valley. In 1769, after the conquest of the valley by the Shah king from Gorkha, Nepal was unified as one country from several small principalities and kingdoms. After the unification, Kathmandu valley emerged as the capital region of the unified kingdom of Nepal.

Nepal is a landlocked country bound by India to the east, south and west; and by China to the north, between 26° 22' and 30° 27' N and 80° 4' to 88° 12' E, in the lap of the Himalayas. The country is 885 km. long from east to west having an average width of 193 km. from north to south and covers an area of 147,181 square kilometers. Nepal encompasses a vast range of elevation from 60 meters above sea level to 8,848 meters in the north, with a wide diversity of climates and terrain and contains some of the most rugged terrain in the world. The population of Nepal in 2001 was 23,151,423 (CBS 2002)

with an average density of 157 persons per square kilometer. The 2008 estimate indicated a population of 29,519,114 with 206 persons per sq. km. with a population growth rate of 2.1 per cent.

Nepal's prehistory consists mainly of the legendary traditions of the Newars, the indigenous community of Nepal valley (now called Kathmandu valley). There are usually both Buddhist and Brahmanic Hindu versions of these various legends. Both versions are accepted extensively in the festivals associated with legendary events, a tribute to the remarkable synthesis that has been achieved in Nepal between the two related but divergent value systems. References to the Nepal valley and Nepal's lower hill areas are found in the ancient Indian classics, suggesting that the Central Himalayan hills were closely related culturally and politically to the Gangetic Plain at least 2,500 years ago. Lumbini, Gautam Buddha's birthplace in southern Nepal and the Nepal (Kathmandu) valley also figure prominently in Buddhist accounts. There is substantial archaeological evidence of an early Buddhist influence in Nepal, including three famous columns inscribed by Ashoka (emperor of India, 3rd century BC) in Lumbini, Gotihawa and Niglihawa and several shrines in the valley.

Historical Context

A consistent dynastic history for Nepal valley became possible, though with large gaps, with the rise of the *Licchavi* dynasty in the 4th century AD. Although the earlier *Kirati* dynasty had claimed the status of the *Kshatriya* caste of rulers and warriors, the *Licchavis* were probably the first ruling family with Indian origin. This set a precedent for what became the normal pattern thereafter, Hindu kings claiming high-caste Indian origin ruling over a population much of which was neither Indo-Aryan nor Hindu.

The *Licchavi* dynastic chronicles, supplemented by numerous stone inscriptions, are particularly full from 185 AD to 700 AD. A powerful, unified kingdom also emerged in Tibet during this period, and the Himalayan passes to the north of the valley were opened. Extensive cultural, political and trade relations developed across the Himalayas, transforming the valley from a relatively remote backwater into a major intellectual and

commercial centre between South and Central Asia. Nepal's contacts with China began in the mid-7th century with the exchange of several missions. However, intermittent warfare between Tibet and China terminated this relationship; and while there were brief renewed contacts in subsequent centuries, these were reestablished on a continuing basis only in the late 18th century.

Middle period

The middle period in Nepali history is usually considered conterminous with the rule of the Malla dynasty (10th-18th century AD) in Kathmandu valley and surrounding areas. Although most of the *Licchavi* kings were devout Hindus, they did not impose *Brahmanic* social codes or values on their non-Hindu subjects. However, the Mallas perceived their responsibilities differently and the Malla ruler Jaya Sthiti (reigned 1382-95 AD) introduced the first legal and social code that was strongly influenced by contemporary Hindu principles.

Yakshya Malla (reigned 1428-82 AD), divided his kingdom among his three sons, thus creating the independent principalities of Kathmandu, Patan, and Bhaktpur (Bhadgaon) in Kathmandu valley. Each of these states controlled territory in the surrounding hill areas, with particular importance attached to the trade routes northward to Tibet and southward to India that were vital to the valley's economy. There were also numerous small principalities in the western and eastern hill areas, whose independence was sustained through a delicate balance of power based upon traditional interrelationships and, in some cases, common ancestral origins (or claims thereto) among the ruling families. By the 16th century virtually all these principalities were ruled by dynasties claiming high-caste Indian origin whose members had fled to the hills in the wake of Muslim invasions of northern India.

In the early 18th century one of the principalities, Gorkha which was ruled by the Shah family, began to assert a predominant role in the hills and posed a challenge to Kathmandu valley. The Mallas, weakened by familial dissension and widespread social and economic discontent, were no match for the Gorkha ruler, Prithvi Narayan Shah. He

conquered the valley in 1768 and moved his capital to Kathmandu shortly thereafter, providing the foundation for the modern state of Nepal.

Modern period

The Shah rulers faced tremendous and persistent problems in trying to centralize an area which had been long been characterized by extreme diversity as well as ethnic and regional parochialism. They established a centralized political system by absorbing dominant regional and local elite into the central administration in Kathmandu. This action neutralized potentially disintegrative political forces and involved them in national politics; however, it severely limited the centre's authority in outlying areas because local administration was based upon a compromise division of responsibilities between the local populace and the central administration.

The people

The large-scale migration of Mongoloid groups from Tibet and Indo-Aryan people from northern India, which accompanied the early settlement of Nepal, have produced a diverse linguistic, ethnic and religious pattern. Nepalese of Indo-Aryan ancestry comprise the people of the Tarai, the *Pahari* (hill people), the Newar and the Tharus, the great majority of the total population. Indo-Aryan ancestry has been a source of esteem in Nepal for centuries and the ruling families have been of Indo-Aryan and Hindu background. Most of the Tibeto-Nepalese groups, the Tamang, Rai, Limbu, Bhutia (including the Sherpa) and Sunwar, live in the north and east, while the Magar and Gurung inhabit west-central Nepal.

The principal and official language of Nepal is Nepali. Nepali, a derivative of Sanskrit, belongs to the Indo-Aryan branch of the Indo-European family. There are a number of regional dialects found in the Tarai and mountain areas. The 2001 census (Nepal) identified 92 languages spoken as mother tongue. The languages of the north and east belong predominantly to the Tibeto-Burman family. These include Magar, Gurung, Rai, Limbu, Sunwar, Tamang, Newari and a number of Bhutia dialects,

including Sherpa and Thakali. Although Newari is commonly placed in the Tibeto-Burman family, it was influenced by both Tibeto-Burman and Indo-European languages.

In Nepal a vast majority of the population, 80.62 per cent, is Hindu, but a small percentage follows Buddhism, 10.74 per cent and Islam 4.2 per cent. The rest are other religious faiths. See Table 5.6. Hindus and Buddhists tend to be concentrated in areas where Indian and Tibetan cultural influences respectively have been dominant.

Nepal: An overview

Nepal is one of the least developed countries, with an annual per capita income of U.S. \$ 230 (The World Bank 2004). The high rate of population growth (2.25 per cent) and the labour force expanding at the rate of 300,000 every year (MOFN 2001) is significantly outpacing the rate of growth output. As a result, there is a large mass of unemployed people in abject poverty. The in-migration has been a routine phenomenon. Although planned developmental efforts in Nepal were initiated in 1956 and several endeavours were made to enhance the living standard of the people by attempting to reduce the level of poverty, the per capita income did not increase as required. The poverty level did not decline because the rates of economic growth could not outstrip the rates of population growth by a desirable margin. While the situation improved marginally in the 1980s and 1990s, it was found that the growth in per capita income was highly skewed in favour of the non-agriculture sector and urban areas. Because of the persistence of pervasive poverty even after six development plans, the Basic Needs Approach to development planning was adopted during the Seventh Plan (1986-90) period. The Tenth Plan (2002-2007) had also taken poverty alleviation as its sole objective by orienting all developmental activities towards poverty reduction. The Plan aimed to achieve this objective through broad-based, high and sustainable growth; social sector development with the focus on human development and targeted programs that stressed on social inclusion. However, there was no mention of any plan or program for housing the poor.

3.1 PHYSICAL SETTING

Nepal can be divided into five major geographical regions: the Tarai, Churia hills or Siwaliks, middle hills or mid-mountains, high mountains and high Himalayas, stretching in parallel belts in succession from south to north.

(a) The *Tarai* is a low, flat strip of land 10 to 50 km. wide extending east to west along the Indian border. It forms the northern extension of the Indo-gangetic Plain. An approximately 15 km. wide belt of rich agricultural land stretches along the southern edge, whereas the northern section adjoining the foothills is marshier. The *Tarai* contains dense forest areas and a number of national parks, wildlife reserves and conservation areas.

(b) The forested Churia foothills or Siwalik range rise from the *Tarai* plain to the rugged Mahabharat Range. The Churia Range is sparsely populated. The fragile soil and steep slopes make the land unsuitable for cultivation. In some places, the hills bifurcate into two parallel ranges, separated by broad basins that are often referred to as the Inner *Tarai* or Dun Valleys. Unlike the Churia hills themselves, the population of these valleys has increased markedly in the last few decades.

(c) The middle hills or mid-mountain region is an area of more gentle slopes with elevations of 1000 to 2000 masl lying between the Siwaliks and the high mountains and is dominated by the Mahabharat range which borders the Siwaliks. A significant portion of this area is cultivated under intricate and extensive terrace systems and the forests are heavily exploited. Some of the main urban centres are located here, including Kathmandu, which is located in a flat basin shaped valley.

(d) The high mountains extend from the middle mountains to the high Himalayas at altitudes of mostly 2,000 to 4,000 m. Lower at the base are some of the deep V-shaped valleys that characterize the region. Long steep slopes with heavy forest cover typify the region.

(e) The high Himalayan region ranges in elevation from 4,000 to 8,848 m. and is an area of rocky ice covered massifs, rolling snowfields and glaciers lying between the tree line and the tops of the Himalayan mountain range. Apart from the trans Himalayan

valleys to the north, which support human settlements up to elevations of 4000 m. and more, this area is uninhabited.

Figure 3.1: Administrative boundaries of Nepal



Administratively, Nepal is divided into seventy-five districts within fourteen zones that are grouped together into five development regions. The districts are further divided into village development committees (VDC) and municipalities. There are 3,915 VDCs and 58 municipalities in the country. Each VDC is composed of nine wards. Municipalities may have nine or more wards, the maximum being 35 in Kathmandu.

3.1.1 POPULATION PATTERN

The total population of Nepal reported in 1911 was 5.6 million. It increased to 8.5 million in 1952/54 and 18.5 million in 1991 (Gurung 2001) and 23.3 million in 2001. The distribution of population is to a high degree uneven due to sharp variation in topography and associated land resources. Some distinct patterns can be discerned that distinguishes the highlands and the lowlands as contrasting areas in population size and density. The mountain zone covering a third of Nepal's total area has only 6.4 per cent of the total population. The hill zone with 37 per cent of the total area has 41.6 per cent of the population. Inner tarai has a portion of 9.9 per cent in area and 9.2 per cent in population. The Tarai zone with a fifth of total area has 42.8 per cent of total population.

The population of Nepal grew at an average annual rate of 2.25 per cent between 1991 and 2001 (CBS 2002). It was found that the huge population of women in the reproductive ages (49.2 per cent) with a high fertility rate (4.1 children per woman) suggests that population growth will be considerable for some time, which may severely limit the scope of reducing poverty in Nepal. Thus far, the country's economic base is fragile. Non-agriculture sector contributed 65.5 per cent to the country's gross domestic product in 2006. The per capita gross national income was reported as U.S. \$ 250 (The World Bank 2003:235). In 2003-04, estimated poverty headcount was 31 per cent in Nepal (NPC 2005).

Very high unemployment and underemployment rates of 17.4 and 32.3 per cent respectively (National Planning Commission Nepal 2002:99) have compelled people to remain either in vicious circle of poverty or migrate to other places within and outside the country for better opportunities. In the 1990s, Nepal experienced an increased volume of internal and international migrations. These migrations occurred at a time of increasing number of urban centres and rising levels of urbanization. Although Nepal's population is predominantly rural (85.8 per cent resided in the rural areas as of 2001), the number of urban centres has increased from ten in 1952/54 to fifty-eight in 2001.

3.2 URBANIZATION PROCESS

Ljung and Tannerfeldt (2006:20) defined urbanization as the transition process from a rural to urban society, where the proportion of the total population living in urban centres increases while the proportion living in rural areas decreases. This urbanization is mainly an effect of rural-urban migration. Historically, the concept of urbanization has been related to specialization, industrialization and consequent economic development. There is general consensus that the fundamental characteristic of urbanization is the structural shift in employment from agricultural to non-agricultural activities. In other words, urbanization is a territorial response to structural changes in the economy. The distinction between urban and rural areas is not merely a dissimilarity based on the nature

of settlements, it is a distinction rooted in the economic structure and social relations, and in the process of social and political consciousness, its articulation.

Several factors have contributed to the recent increase of urban population in Nepal. The first is natural increase in population in designated urban areas. The second more significant reason is migration from rural areas (in-migration) and abroad (immigration mainly from India) to urban areas. The third is reclassification of urban areas, which include both boundary expansions of existing urban localities and gazetting of new localities as urban municipalities. Gurung (2001:9-15) wrote that urban population growth attributed to internal migration and reclassification was estimated to be 33.6 per cent during 1960s, 59.7 per cent during 1970s and 67.8 per cent during 1981-91. The overall density within the urban areas in Nepal was 985 persons per square kilometer in 2001 (CBS 2003).

Lack of appropriate housing policies and strategies for the urban areas embodies socio-political factors on one hand, and administrative factors on the other. Urban areas are the focus of educational, cultural, economic and social institutions of the nation, but they are also the site of national problems such as poverty, unemployment, social tension, violence and crime. It is because of the uniqueness of its problems that it is in deep trouble, and therefore, it is unable to rise to the expectations of its populace. Yet, people will continue to value urban areas for both economic and social reasons for it is in the urban centre where the movement and the sense of great activity are highest. It was found that while urbanization is helping the process of economic development and social change in Nepal, it is not being managed properly.

A high urban population growth rate and an unprecedented in-migration due to extreme hardships in the rural areas have caused the urban explosion. It takes place not because of new opportunities in cities but because of the hope of the migrants for a better life in towns. It can be measured as the proportion of the total population concentrated in urban settlements or the rise in that proportion. It can be stated that the degree to which a country succeeds in fostering growth of urban productivity is likely to be the major

determinant of its urbanization. Productivity advances that favour modern urban activities have a powerful influence on it. The absorption capacities of the urban areas need to be enhanced for coping with the problems of rapid urbanization. In the context of Nepal, the need for the preservation of cultural heritage makes the problem more critical. Care should be exercised that new development is compatible with cultural heritage and traditional planning, keeping the resource consumption at the minimum. The need for study of urban socio-economy needs no justification because urban areas are the centres of development and their social and economic conditions are the cornerstones of their existence. Urban population in Nepal as percent of the total rose from 2.6 per cent in 1952/54 and 9.25 per cent in 1991 to 14.2 per cent in 2001 (CBS Vol. I 2003). The 2005 estimate indicated the urban distribution as 16 per cent.

In relative terms, because of rural stagnation in Nepal, urban areas have become centres of production and service providers. However as urban development has not been well planned and as urbanization was mainly due to the push factor, it had many adverse impacts leading to what may be termed as an urban crisis. Urbanization has led to economic development for the country. Urban areas have traditionally served as areas for absorbing migrants. It was found that economic growth was related to urbanization in most cases in Nepal. However, economic growth by itself may not ensure a just social distribution. As Majale and Payne (2004) asserted, one result of urban growth is the urbanization of poverty. Disparities generally increase with economic growth. Disparities are markedly pronounced in urban areas. The urban poor are relatively poorer in the sense that most of their basic needs are not met. There is a rapid deterioration in the living and working environment as an increasing number of people are accommodated in urban areas without improvements in infrastructure and services. Poverty alleviation in urban agglomerations also implies the need for organizing the urban poor to receive urban services. Urbanization must be planned and managed for an equitable distribution for the benefits of development.

It was found that during the inter-censal period 1952/54-1961, designated urban localities increased from ten to sixteen with a significant population increase of 42.5 per

cent. Urban population as percent of the total rose from 2.6 per cent in 1952/54 to 3.6 per cent in 1961. However, in the following decade (1961-71) the number of urban localities remained unchanged at sixteen while urban population increased by 37.4 per cent (Table 3.1). During 1971-81, urban population more than doubled with the addition of seven new localities as urban. In the period 1981-1991, ten more localities were designated as urban, bringing their total to thirty-three. Increase in urban population was 77.2 per cent and constituted 9.2 per cent of the total population. In less than four decades (1952/54-1991), the number of designated urban localities in Nepal increased more than three-fold and total urban population by 7.1 times indicating an increasing trend towards swift urbanization. It should be noted that for the same period, the increase in total population was by 2.2 times.

Most towns and urban areas in Nepal do not have adequate infrastructure and services. The urban environment is fast deteriorating and has serious deficiencies in essential infrastructure and services such as water supply, drainage, sewerage, solid waste management and road system. Poor maintenance of built-up areas has threatened the life of the housing stock.

Table 3.1: Urban population increase

Census	Localities	Population	Decennial increase,%	Percent of total population
1952/54	10	238,275	-	2.6
1961	16	366,222	42.5	3.6
1971	16	461,938	37.4	4
1981	23	956,721	107.1	6.4
1991	33	1,695,719	77.2	9.2
2001	58	3,287,502	-	14.2

Source: CBS Census Reports

Definition

The problems of definition in the study of Nepal's urbanization are substantial because the areas designated 'urban' have been defined and redefined over the years and there is a lack of consistency in the definition. The 1952/54 census provided data on ten

prominent settlements with a population of over 5,000 but refrained from defining an urban area. The 1961 census for the first time defined an urban area (*sahar*) as ‘an area with a population cluster of 5,000 and over and having an urban environment such as high school, college, judicial and administrative offices, bazaar, communication facilities, mills and factories’ (Banstola 1995:239). The *Nagar* Panchayat Act 1962 provided the nomenclature of *Nagar* as the local administrative unit or a municipal area. It stipulated a population of not less than 10,000 as generally necessary. The Municipal Act 1992 and the Local Self Governance Act 1999 redefined and classified municipal areas. This was the first time that municipal areas were classified into categories in Nepal. However, the generally accepted criteria of density, contiguity and occupational structure of the population are given slight attention.

3.3 THE KATHMANDU VALLEY

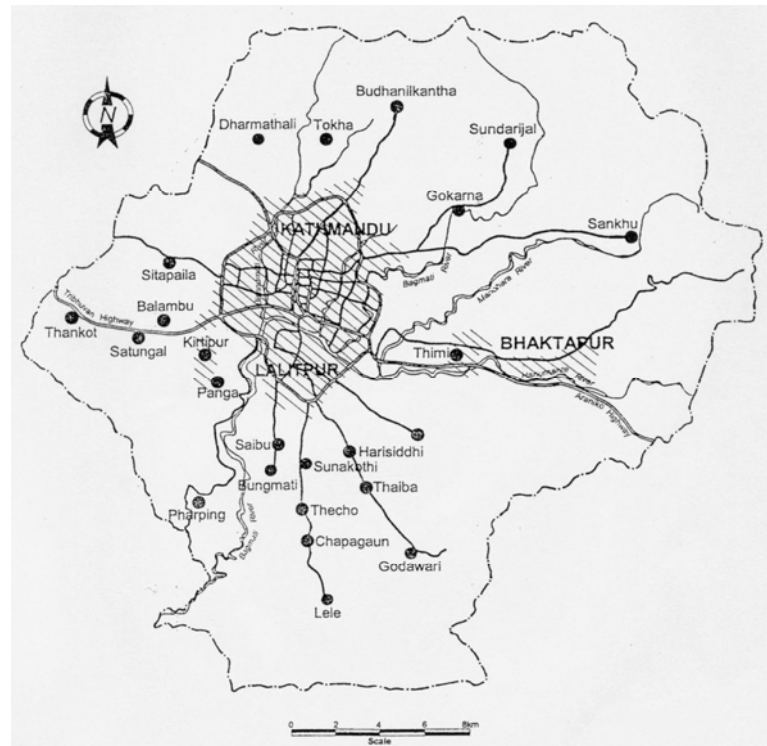
There are conflicting views on the early history of Kathmandu valley, but mythological tales and geographical evidence indicate that a huge circular lake once covered the valley in primeval times. Legends refer to Manjushree who drained the valley by cutting a southern ridge (Kirpatrick 1811:70). Pradhan (2004:28) upheld that Kathmandu valley is probably among the oldest settled areas in the Central Himalayas. Available manuscripts indicate that the earliest settlements in Kathmandu valley may have taken place as early as 600 BC and later grew up, particularly in the sites of elevated plains. The oldest known objects in the valley date to the period of 300 BC. The earliest known inscription is dated 185 AD.

Historical periods for Nepal are taken as Kirata period 500 BC to 78 AD, Lichavi period 78 AD to 879 AD, Transitional (Thakuri) period till 1200 AD and Malla period from 1200 AD to 1769 AD. The valley emerged as a trading partner during the Kirat period from 6th century BC to 1st century AD. Later on the Lichavi period saw the rise of the principal towns of the valley, namely Lalitpur (Patan) followed by Kathmandu. Levi (1905:33) stated that Kathmandu was established in 724 AD by the Lichavi King Gunakamadeva. The later town of Bhaktapur was established during the Malla period.

Subsequent historical developments show the Kathmandu valley being the capital of the unified kingdom of Nepal after its conquest by King Prithvinarayan Shah of Gorkha in 1768. Kirpatrick (1811) estimated the number of houses to be 22,000 in Kathmandu and 24,000 in Patan in 1793 AD.

Nepal saw the rise of Rana prime ministers in 1846. Events took a turn after 1951, marking the end of the Rana rule and the opening up of increased contact outside the valley. This was especially facilitated by the development of the Tribhuvan highway linking it to the south of the country, eventually to India and to the outside world. This also facilitated the advent and growth of modern architecture and planning concepts. In the 1970s, construction of new roads and the expansion of air service were centred in Kathmandu, making it the hub of the national transportation system, which for centuries was limited to footpaths. Many of the towns' people were engaged in agriculture then. The urban form of Kathmandu resembles that of an organic radial city. The Kathmandu valley measures 600 sq. km. in area. Population of the valley was 1,645,091 in 2001 (CBS 2003).

Figure 3.2: Hierarchy of settlements in the Kathmandu valley, Nepal



The stages of growth and development of settlements and houses in the valley can be defined as Mallas, the Shahs and the Rana period. Ever since the Malla period, diverse caste and ethnic groups, primarily Newars, were concentrated in various areas of the valley, either in specific sectors or in radial clusters centered from the city core. Lower castes and untouchables (*chyame, kasain, pode*) were on the edge of the communities, particularly towards the two rivers, the Bishnumati and the Bagmati. The communities of these scheduled castes still exist along the Bishnumati river corridor.

After the Shah conquest of the valley in 1768, they took over the valley and brought about more physical changes with the construction of large houses and new palaces. The construction of numerous palaces within large compounds was the main factor in the expansion of the greater city area, leading to subsequent growth of housing for employees around these compounds. Groups of various ethnic castes other than Newars continued to migrate in the valley. The advent of the Ranas (1846-1951) saw emergence of neo classical architecture and planning in the valley. Kathmandu, the

capital of Nepal, is at an elevation of 1,350 meters above sea level. Its early name was Manju-Patan. The present name refers to a wooden temple (*kath*, wood; *mandir*, temple or edifice) which was built by King Laxmi Narsingh Malla. The building, *Kasthamandapa* stands in the central square of Kathmandu and is used for the accommodation of *sadhus* (holy men). *Kasthamandapa*, is derived from Sanskrit, *kāṣṭh* (काष्ठ) means 'wood' and *maṇḍap* (मंडप/मण्डप) means 'covered shelter'. The entire structure contains no iron nails or supports and is made entirely from wood. Legend has it that the timber used for this pagoda was obtained from a single tree. Kathmandu has served as the capital of unified Nepal since 1769.

Figure 3.3: Photograph of *Kasthamandapa*, Kathmandu (2008)



The valley has become the country's most important business and commercial centre through the efforts of its indigenous Newar communities. The Newars, generally acknowledged to be the original habitants of the valley, are understood to be the descendents of the various ethnic and racial groups that have inhabited and ruled the valley in the two millennia history of the place. Although in today's state of Nepal, the Newars stand apart ethnically from the other groups because of their composite Hindu-Buddhist religious culture and Nepal *Bhasa*, spoken by all Newars as their mother tongue; the multifarious castes in the numerous caste systems within Newar society reveal a surprising racial diversity. The similarities between the various cultural traits and complexes within Newar culture and those of many other ethnic groups in the Indian sub-continent lead to hypothesize the occurrence of both vibrant circulations of peoples and cultures around the sub-continent during the last two millennia and a continuous and steady diffusion of these ideas into the valley. Indologists/anthropologists and

Newarologists describe Newar society as a pre-dominantly Mongoloid people practicing an Indo-Aryan culture.

Festivals are also an important feature of the valley. Festivals include, in spring, the *Shivaratri* and the *Machendranath Jatra* with its procession bearing the image of the god Machendra; in late summer, the *Gai Jatra* (festival of the cow); and in early autumn, the *Indra Jatra*, during which the goddess Kumari represented by a young girl is carried in procession. Kathmandu's main streets contrast strongly to the older sectors of narrow streets and brick houses adorned with carved doors and windows. The city's most notable building is the old palace of the Malla kings, which includes the Taleju temple built in 1564 by the Mallas (Slusser 1982). The palace's main gate is guarded by a figure of the god Hanuman and in a small adjoining square are several pagoda-style temples. Destruction during the 1934 earthquake resulted in the construction of many modern style buildings in Kathmandu.

Figure 3.4: Taleju temple, Kathmandu



Historical background

Tiwari (2001) opined that the Kathmandu valley could have been inhabited since ancient times. Kathmandu valley's history of settlement could go as far as 1000 BC based on evidences found in the *Gopalarajavamshabali* and the emergence of the Gopala

dynasty (Malla and Vajracharya 1985). In the history, the Lichhavi period of 400 AD to 750 AD is notable. Slusser (1982) wrote it was only during this period that the principal localities of the valley acquired some appearance of urban character, i.e., a relatively higher concentration of people and distinct organization of space. The principal towns of the valley namely Lalitpur and later Kathmandu were established during this period. The third town of Bhaktapur was established during the Malla period (1200-1768 AD).

Many small towns were developed during the Lichhavi period. By the seventh century AD, temple towns emerged in valleys such as Gokarna, Chabahil and Devpatan. It was found that urban centres were developed and urban civilization appeared before the eleventh century (MPEP/IUCN 1999:75-78). The towns of the valley including Kathmandu, Lalitpur and Bhaktapur were generally referred to as the political capital of the country only after the eleventh century. During the Malla period, the fundamental impulse for sustenance of urban growth was derived from the role the valley played as a centre of entrepot trade by virtue of its situation. The geographical position of the valley facilitated control of the passes in the contact zone between the Tibetan, Nepalese and Indian areas to the north and the south. Long distance trade contributed to the urban growth in the valley.

Until 1769, the valley towns effectively controlled trade with Tibet. The Newars as the native inhabitants of the valley distinguished themselves through the centuries as master architects, temple builders, wood carvers, goldsmiths, silversmiths and casters of bronze and brass. By the eighteenth century, elements of genuine urban economy seemed to have been in existence in the Kathmandu valley (Regmi 1966:7). However, conflicts among the principalities were frequent, stalling the development process. Around the time of the fifteenth century, King Yaksha Malla divided the valley among his three sons into three kingdoms: Kathmandu, Lalitpur and Bhaktapur. Due to poor relationship between these kingdoms, the adjoining villages increasingly took the form of compact settlements for security reasons.

Urban growth

The real urban growth and development of the Kathmandu valley took place during the latter part of the medieval period, mid fifteenth century to the end of eighteenth century. The intensive agriculture practiced in the valley was itself a strong initial support to the founding of these towns. Later, the Kathmandu valley acquired a strategic position as a trade route between India and Tibet. Kathmandu, Bhaktapur and Lalitpur, besides being the capital cities of the three independent states, became the principal trading centres. Smaller settlements grew up along the trade routes. Subsequent historical developments continued to shape the importance of the valley. In 1769, after the conquest of the valley by the Shah king from Gorkha, Nepal was unified as one country from several small principalities and kingdoms. After the unification, Kathmandu valley emerged as the capital region of the unified kingdom of Nepal. Kathmandu city grew rapidly as a political and cultural centre of the country. It acquired a favourable status and outstripped its rival towns, Bhaktapur and Lalitpur in trading and development. Settlements such as Sankhu, Chapagaon and Lubhu remained as market centres with their agricultural economy.

Harisiddhi, Bungamati, Lubhu, Thimi and Bode are typical Newar settlements in the valley, whereas, Manamaiju, Dharmasthali, Naya Naikap, Thankot, Mahadev, Chapagaon, Dhapakhel, Dadhikot and Gundu are settlements with a mixed community of Chettris, Bahuns, Tamangs and Newars. There are non-Newar *Parbatey* settlements spread widely along the rim of the valley, such as Budhanilkantha, Chhaimale, Dahachowk, Mulpani, Seuchatar, Badikhel, Jharuwarasi, Nagarkot and Sirutar. The traditional functions and activities of these settlements have gradually changed with urbanization of the valley.

There are thirty-two market centres in the valley (Manandhar and Shrestha 1994). Thimi, Kirtipur, Sankhu, Lubhu and Chapagaon belong to the category of larger market centres (Figure 3.2). These settlements are dependent on Kathmandu city. The total area of the Kathmandu valley is 640 square kilometers. Agricultural land occupies 52 per cent of the total area. Forests and shrubs occupy 32.7 per cent of the valley (MPEP/IUCN

1999). The population growth in the valley has been phenomenal, with in-migration playing a significant role. The average annual growth rate between 1991 and 2001 of the valley was 3.36 per cent higher than the national average of 2.2 per cent.

3.4 SETTLEMENT DEMOGRAPHICS

Reliable figures for the population of the valley towns prior to 1952/54 are not available. The first available historical source regarding the population size of Kathmandu is Kirpatrick (1811:160). The author visited the valley in 1793 and estimated the population of the city as 50,000. Subedi referring to Oldfield, estimated it to be 60,000 to 80,000 then (Subedi 1995:30).

Table 3.2: Distribution of population growth rates, 1991-2001, in Kathmandu valley

Area	Population 1991	Population 2001	Average growth rate (per cent)
Lalitpur	257,086	172,952	2.73
Bhaktapur	172,952	225,461	2.65
Kathmandu	675,341	1,081,845	4.71
Total	1,105,379	1,645,091	3.36

Source: CBS Vol. I 2003: 45

The population of the Kathmandu valley in 2001 was 1,645,091. Population density per sq. km. of Kathmandu metropolitan city was 13,586, Lalitpur Sub Metropolitan city 10,758 and Bhaktapur municipality 11,058. (CBS/ UNFPA 2002). District-wise distribution of population and household is shown in Table 3.3.

Table 3.3: District-wise distribution population and households in Kathmandu valley, 2001

District	Total	Population male	Population female	Number of Households
Kathmandu	1,081,845	576,010	505,835	235,387
Lalitpur	337,785	172,455	165,330	68,922
Bhaktapur	225,461	114,798	110,663	41,253
Total	1,645,091	863,263	7,818,283	345,562
Percent	100	100	100	100

Source: CBS/ UNFPA 2002

Urban expansion in the valley, excluding the core urban areas, has been horizontal rather than vertical. Earlier, major growth occurred along the city's main arterial roads. The construction of the Kathmandu-Bhaktapur highway and the Ring Road in Kathmandu and Lalitpur made way for the horizontal expansion.

Figure 3.5: Urban expansion in Kathmandu: core areas and fringe areas



3.5 URBANIZATION TRENDS IN KATHMANDU VALLEY

The rapid pace of urbanization of the Kathmandu valley has greatly increased the demand for new shelters, infrastructure provisions, employment opportunities and social and emergency services. Though the government has of late acted through the implementation of different land development tools (site and services, guided land development and land pooling), formation of the Kathmandu Valley Town Development Committee and Ministry of Housing and Physical Planning in 1988, its efforts have proved to be inadequate and ineffective. As a result, the rate of haphazard urban growth has increased many folds.

The post 1950 Kathmandu valley experienced a rapid functional expansion. Migration from outside the valley grew as the major infrastructural, institutional facilities and trading opportunities developed. The tourism growth of the 1960s and industrial development, particularly carpet and garment manufacturing during 1970s and 1980s, added to the urban expansion. All sectors from the government to industry have concentrated their efforts in the valley during the last three decades. Consequently, its

dominance increased while the importance of other towns outside the valley declined considerably.

The Kathmandu valley comprises of one metropolis, Kathmandu, with a population of 671,846 and 152,155 households; one sub-metropolis, Lalitpur, with a population of 162,991 and 34,996 households; three municipalities, Bhaktapur, Thimi, Kirtipur and 114 village development communities in 2001. The population of Bhaktapur Municipality was 72,543 with 12,133 households; Thimi Municipality 47,751 with 9,551 households and Kirtipur 40,835 with 9,487 households (Population Census 2001). Kathmandu valley with its five urban centres had 30.29 per cent of the total urban population of Nepal and 60.54 per cent of the population of the valley lived in urban areas. Kathmandu city had 42 per cent internal migrants in 2001 (KC 2003: 145- 149).

Urban poverty

The term poverty refers not only to material deprivation but also to low achievements in education and health, vulnerability and housing. These elements combine to severely restrict the capability of an individual to escape poverty. Poverty is generally measured on three indicators. These are (i) the headcount index, which measures the incidence of poverty (ii) poverty gap index, which measures the intensity and (iii) the squared poverty gap index, which measures the severity (ADB 2002).

The headcount index is the most commonly cited indicator of the prevalence of poverty. It measures the percentage of the total population with incomes falling below the officially defined poverty line. The poverty line is usually calculated as the current market price of a basket of foods that satisfies minimum nutritional requirements, plus essential nonfood items. For Nepal, the poverty line is Rs. 7,696 (US\$ 109.23) per person per year; Rs. 7,901 (US\$ 112.13) for urban areas and Rs. 11,057 (US\$ 156.93) for Kathmandu valley (CBS 2005). This is based on a food consumption of 2,124 calories and an allowance for nonfood items, which consisted of 60.8 per cent for food and the remaining for non-food items (Lumanti 2005).

The headcount index focuses solely on the percentage of the total population that falls below the officially defined poverty line. It gives no information as to the intensity of poverty, which is the degree by how much household incomes have to rise on average for the poor to reach or rise above the poverty line. This latter aspect of poverty is measured by the poverty gap index. For purpose of comparability, the poverty gap index is expressed as a percentage of the poverty line money income. A larger value for the poverty gap index thus indicates more intense poverty than a lower value, since it means that household income would have to rise by a greater percentage of poverty line income for the average household to no longer be considered poor.

Finally, the severity of poverty is measured by the squared poverty gap index. Since this measure weighs households that fall further below the absolute poverty line more heavily than households with incomes near to the poverty line, it takes into account the distribution of the varying poverty gaps of individual households. A higher value indicates more severe poverty than a lower value.

Table 3.4: Nepal Poverty Measurement, 2003-04

	Poverty headcount rate	Distribution of population
Nepal	30.8	100
Urban	9.6	15
Rural	34.6	85
Kathmandu	3.3	5.4

Source: CBS: NLSS 2003-04; 2005: Annex-1

The presence of slums and squatters in a society is a clear indication of the failure of society and government to provide the adequate means for its inhabitants. The amount of squatter and slum housing is an indication of the extent of housing poverty in a society. It indicates a crisis because such housing generally lacks the primary and fundamental requirements of certainty of tenure. The presence of slums and squatter settlements indicate a habitat which fails to contribute to human development, and/ or lacks the most fundamental guarantees necessary for the building of human communities. The presence of either of these two conditions is indicative of housing poverty.

In Nepal, poverty has fast been linked with urbanization. The actual level of urban poverty, however, varies according to different studies. A study made by the Central Bureau of Statistics stated that 30.8 per cent of the population of Nepal, 9.6 percent of the urban population and 34.6 percent of the rural population lived below the absolute poverty line in 2003-04, using the poverty headcount index. It also stated that 3.3 percent of the population in Kathmandu lived below the absolute poverty line (Table 3.4). However, a survey conducted by a nongovernmental organization found that 13 per cent people and 8 per cent households were estimated to be below the poverty line in Kathmandu (Lumanti 2005).

3.6 SQUATTER SETTLEMENTS IN KATHMANDU

For the poor in Nepal, urban areas have always been seen as a means for improving their quality of living and environment, besides getting better employment and incomes. This, in contrast to deteriorating conditions in the rural areas, has generated a considerable flow of migrants into the cities, particularly in the last three decades. Priorities of urban migrants change over time, depending on various conditions that they find themselves in. However, one of the first dilemmas that they face and which persists for a long period is the question of inadequate shelter. The problem is further aggravated by the non-concern of government agencies that view this 'invasion' and growth of squatter settlements as a social evil. Such reaction does not help the more basic question of housing for the low-income people. Turner (1989:27-38) stated that all politicians regarded urban settlements built by low-income people as slums, eyesores and cancers.

Gilbert and Gugler (1982) stressed that housing is a highly visible indicator of poverty. Perhaps that is why it represents such a sensitive issue in many cities in the developing countries. Although lack of food and clothing are important elements of basic needs, it is inadequate shelter that is often the most important issue in urban settlements. Poverty as reflected in housing, of course, is not confined to shelter. The growing presence of slum and squatter communities in Kathmandu is the result of the lack of affordable housing and virtually non-existent housing assistance programs or policies.

The growing gap between the number of affordable housing units and the number of people needing them has created a housing crisis for the poor people. The government's response to address the problems of urban poverty has been limited and not effective. It was stated that 7.81 per cent of the households are squatters in Nepal, 9.09 per cent being in the urban areas and 7.64 per cent in the rural areas (MHPP 1996: Annex A). See Appendix 10.

Figure 3.6: Condition of shelter in a typical squatter settlement in Nepal (2008)



The Oxford dictionary defined the word 'squatter' as a person who inhabits unoccupied premises without permission. Squatter settlements are those communities where people have settled on land without any legal right to be there, neither as tenants nor as owners. These people may live on the land for decades; however, they have no legal title to the land. This stereotypical view of a squatter settlement is a collection of temporary and poor structures. In the Kathmandu valley, however, many older squatter settlements now feature permanent houses of some nature.

Falleth (1994) indicated that squatter settlements in Kathmandu valley existed before the contemporary growth which started in the 1940s, but it was from the 1950s that they achieved major significance as urban concentrations of low income groups in the built up area. The number of squatter settlements in the valley have been steadily increasing (Table 3.5). At present, the number of settlements is estimated at sixty-three

(SPSH 2008). Most are found in on marginal government-owned land. Without legal land/house title documents (*lalpurja*), the residents of these settlements face many problems. They have difficulty obtaining basic services such as water, and they are continually under threat of eviction. The main characteristic that defines a squatter settlement is its lack of ownership of the land parcel on which they have built their shelter. This could be a vacant government or public land, like land by riversides and temples. Thus when the land is not under productive use by the owner, it is appropriated by a squatter for building shelter.

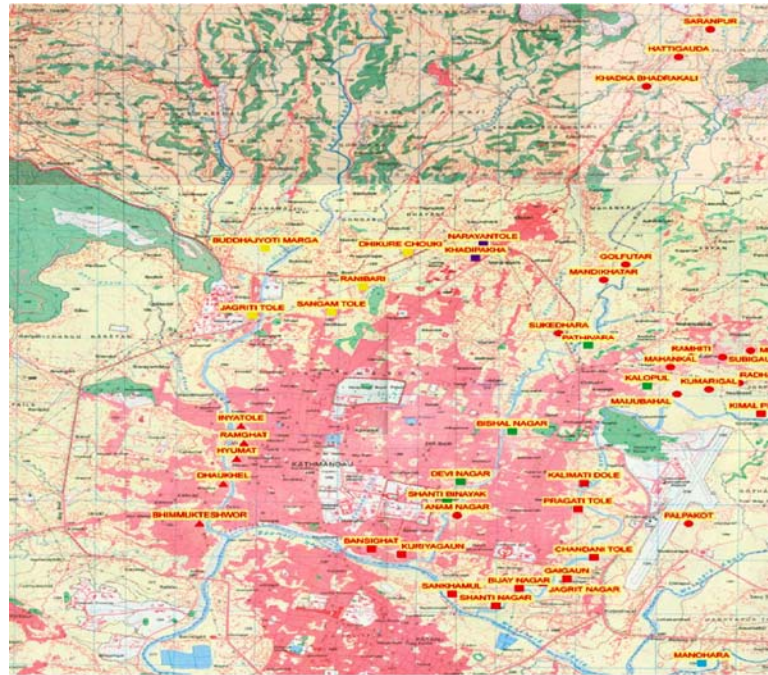
Table 3.5: Squatter settlements in the Kathmandu valley

	Location	Ward	Year of occupancy	Population 2002	No. of houses
1	Kalimatidol	8	1968	35	7
2	Kimalfaat, Naya basti VDC	3	1969	95	19
3	Ramhiti Boudha	6	1971	1130	126
4	Sinamangal	9	1971	120	24
5	Chandani tole	9	1971	355	71
6	Shankhamul	10	1971	545	96
7	Khadipakha	3	1971	570	114
8	Kalimatisthan	7	1975	95	19
9	Balaju Jagriti tole	16	1976	625	125
10	Bypass	16	1976	190	38
11	Sangamtole Samakhushi	29	1977	155	31
12	Mahakal Boudha	6	1978	70	14
13	Tilegada Podetole	9	1978	30	6
14	Dhugen Kapan VDC	1	1979	80	19
15	Chandol Tudaldevi	4	1979	65	13
16	Maijubahal Chabahil	7	1981	135	27
17	Tilganga	9	1981	95	19
18	Bishalngar	4	1981	70	14
19	Dhumbarahi	4	1981	30	6
20	Kuriagaon	11	1981	65	13
21	Sano gauchar	5	1981	30	6
22	Dhoukhel	14	1981	200	40
23	Mandikatar VDC	6	1982	390	74
24	Samakhushi	29	1982	90	17
25	Sohrakutte	16	1982	30	6
26	Kalimati Hyumat	13	1982	330	56
27	Hattigaoda Maharajgunj, VDC Pipal basti	7	1982	310	62
28	Radhakrisna chowk, Jorpati VDC	3	1983	106	18
29	Golfutar Gairigaon VDC	6	1983	100	20
30	Khadgabhadrakali VDC	6	1984	170	34

31	Bypass	16	1986	180	38
32	Palpakot Jadibuti	35	1987	120	24
33	Subigaon Boudha	6	1988	244	46
34	Shantibinayak nagar	10	1988	180	36
35	Devinagar	10	1988	230	46
36	Ranidevi	29	1988	30	6
37	Dhikure Tilingtar	3	1988	110	22
38	Ranibari Samakhushi	3	1988	45	9
39	Banshighat	11	1988	495	105
40	Jorpati VDC	1	1992	70	14
41	Mitra Park	7	1992	35	7
42	Takati Sinamangal	35	1992	65	13
43	Lazimpat Sorhakhutte	29	1992	130	26
44	Kumarigal Boudha	6	1993	65	13
45	Kumaristhan	16	1993	399	74
46	Hyumat	12	1993	220	44
47	Budhajyoti marg, Janmilan Tole	16	1993	150	30
48	Tankeshwar	14	1993	185	37
49	Swayambhu	14	1993	65	13
50	Sanepa Dhungakhani	3	1993	35	7
51	Kalopool Chabahil	7	1994	30	6
52	Mulpni VDC	1	1994	35	7
53	Anamnagar	32	1994	80	16
54	Bhatbhateni	6	1994	55	11
55	Sidhartha Banaasthali	8	1994	45	9
56	Pathivra Kapan VDC	4	1995	2000	187
57	Gokarna Mulpani VDC	2	1995	75	17
58	Bulbule Chabahil	7	1996	45	9
59	Gaurigaon Sinamangal	9	1996	105	21
60	Jagritinagar	34	1999	448	108
61	Bijaynagar	34	1999	260	52
62	Shantinagar	34	1999	1820	364
63	Lamatar			131	26
				14493	2577

Source: Society for Preservation of Shelters and Habitations in Nepal (2008)

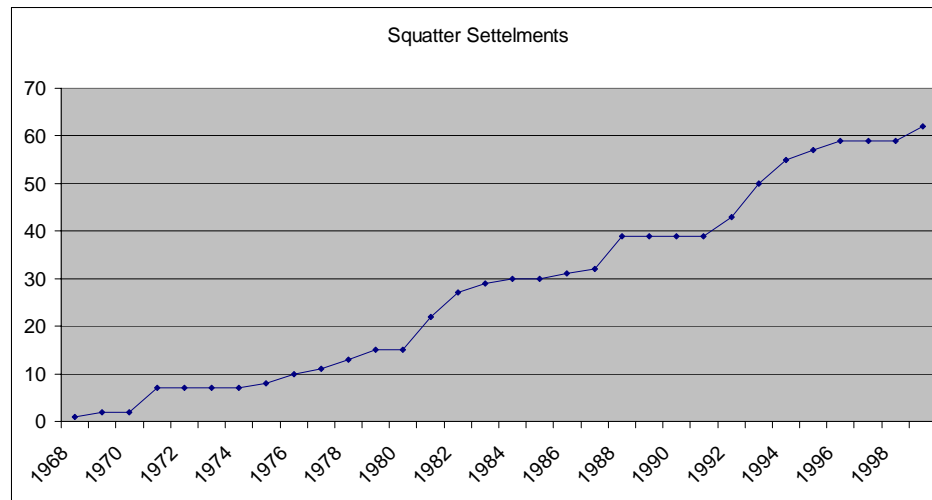
Figure 3.7: Location of squatter settlements in Kathmandu



Common characteristic of the squatter settlements in the valley is development is usually found to be linear in nature on marginal lands, open spaces and river flood plains. The squatters do not possess land titles and the government considers them illegal. Being situated by the riverside and public/ marginal land, there is a lack of basic services in the squatter settlements. Squatting, unauthorized possession of unclaimed premises, is a typical urban phenomenon whereby the poor create a form of temporary housing. The uncertainty of their tenure situation creates problems for capital improvement in the physical structures and social commitment to the larger neighbourhood and community.

In the absence of adequate income to own or rent houses, squatters choose the most neglected urban land for building shelter. The enormous influx of labour force from the rural areas within the valley and other parts of Nepal and adjoining states in India have caused a rapid growth in the number of squatters in the valley. The main economic activities of these squatters are daily labour and waste scavenging in order to collect and sell recyclable materials.

Figure 3.8: Growth of squatter settlements in Kathmandu valley



The first squatter settlement in the Kathmandu valley appeared in 1968 in Kalimatitol, ward number 8 (SPSH, no date) when rural migrants began moving in mainly in search of employment. The squatter population has been growing at an average annual rate of 2.94 per cent. There were many stretches of vacant land then, which the migrants to the city with their very few resources, claimed and established their new homes and communities. Over the years, the composition of the squatter settlements has changed. Many settlements still support former migrants (rural-urban), but added to this are urban dwellers who can no longer afford exorbitant rents and land prices in the valley. With little or no alternative, these people have joined those who must squat on public land.

3.7 SLUM COMMUNITIES

The most salient negative aspect of urban growth in developing countries is the conditions of the urban poor. Rapid urbanization and urban growth have placed immense pressure on the resources of local governments. The result is that millions of people around the world have found their own solution in various types of slums and unauthorized or informal settlements. This requires an acceptance that unless access to legal shelter is made more accessible to the majority of the urban poor, the growth of such unauthorized settlements will continue unabated.

Majale and Payne (2004:11) defined a slum as a contiguous settlement where the inhabitants are characterized as having inadequate housing and basic services. A slum is usually a densely populated urban area, marked by a lack of basic services, overcrowding, dirty unhealthy housing, insecure tenure, poverty and social exclusion. The term 'slum' is used to indicate housing which falls below a certain level of physical standard. Poverty, low income, inadequate living conditions and sub-standard facilities are common characteristics of slum communities. Socially disadvantaged people usually inhabit these communities but, unlike squatter settlements, the residents of these slum areas generally own their land and house and have formal title papers to prove this.

Figure 3.9: A slum area in Mumbai (2009)



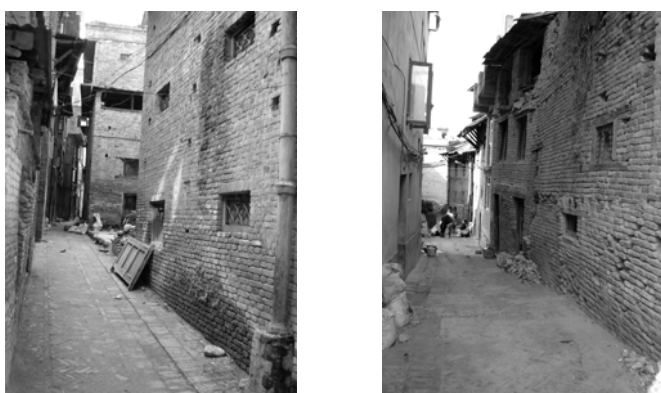
Slums and squatter settlements have become an integral component of the urban composition. Particularly in a country like Nepal, the stagnating agriculture is pulling down the growth trends of the economy, thus pushing the rural unemployed to the urban areas in anticipation of a better income. The urban centres have started to become regions of economic activities and depend upon migrated labour for day-to-day activities. Thus, the urban slums and squatter settlements, in economic terms, contribute a significant quantity of the work force to the urban market and generate income not only to sustain the urban economy but also to attract more migrants towards the urban economy. It was found that it is not only the rural urban differentials, but also other factors such as access to basic facilities and amenities/ educational facilities, that accelerate migration patterns to urban areas.

Table 3.6: Slum communities in Kathmandu valley

Name	Location, ward	Population	Number of household	Mean household size
1. Alko	LSMC, 22	397	75	5.3
2. Bagdole 1	LSMC, 4	234	39	6
3. Bagdole 2	LSMC,13	90	15	6
4. Bhimmukteshwor	KMC, 7	259	42	6.2
5. Chyasal	LSMC, 9	139	24	5.8
6. Gusingal	LSMC, 1	242	34	7.1
7. Iti	LSMC, 19	516	86	6
8. Khapinchhen	LSMC, 9	140	22	6.4
9. Kumbheshwor	LSMC, 22	-	-	-
10. Lohachowk	LSMC, 14	420	84	5
11. Lonhla	LSMC, 8	177	40	4.4
12. Naudho (Chakrabahil)	LSMC, 12	100	17	5.9
13. Nayagaon	LSMC, 20	273	46	5.9
14. Tadhoka	LSMC, 20	146	30	4.9
15. Teta	LSMC, 17	-	-	-
16. Thati	LSMC, 12	-	-	-
Total		3133	554	5.7

Source: Lumanti (2001)

Figure 3.10: Slum housing in Lalitpur, Lonhla, ward 8 (2008)



Though the phenomenon of slums and squatter settlements in Nepal is relatively slight compared to the regional context, if unchecked, shall result in undesirable consequences. A study of Asia's biggest slum Dharavi in Bombay showed that it accommodates fifty per cent of Bombay's population (Aldrich and Sandhu 1995: 380-89). A study made by the Kolkata Metropolitan Development Authority, India, revealed that

that near to fifty per cent of the squatters and pavement dwellers are located in the central business district alone.

Figure 3.11: Squatter encroachment in suburban railways of Mumbai, India (2006)



Note: Mumbai relies on its extensive suburban railway system to get its workforce in and out of the central city; on average, over seven million passenger-trips are made each day on its five main railway corridors. But the capacity of the railway system is kept down by illegal settlements that crowd each side of the tracks. By 1999, more than 20,000 households lived in shacks next to the tracks, including many living within less than a metre of passing trains.

4. RESEARCH METHODOLOGY

4.1 STUDY STRATEGY

Research means a methodical investigation into a subject in order to discover facts, to establish or revise a theory, or to develop a plan of action based on facts or knowledge discovered. The social problems are studied to find out more about the phenomena. Sekaran (1992) stated that research is a systematic and organized effort to investigate a specific problem that needs a solution. The explanation of research has two important aspects. First, it is sufficiently broad to include all types of investigations requiring solutions to the problem. Second, it explicitly recognizes the systematic nature of the research process in which data are gathered, recorded, analyzed and interpreted. Thus, research can be defined as an organized, systematic, data based and critical scientific inquiry or investigation into a specific problem, undertaken with the objective of finding answers or solutions to it (Best 1981).

The activities employed in the thesis were: (a) defining the problem and identifying the variables causing it or related to it (b) getting insight into the existing knowledge on the issue by way of literature review and case studies and contribute to the furtherance of knowledge (c) formulate research questions, hypotheses and construct strategy and (d) build theories to understand and generalize the phenomena and throw insight into the problem. The researcher began with an extensive review of the literature to determine what prior studies have determined about this issue and used the theory to define the research questions. The knowledge created about the problem of housing the urban poor will contribute to answering the normative questions of the thesis. The findings and conclusions would be such that they will be useful for formulating major policy proposals/ strategies, establish their priorities and identify their implications in the context of housing the urban poor in Kathmandu. Housing issues and policies are related to and determined by the elements of the particular socio-economic systems within which they are found. Variation in public policy approaches to housing problems and, conversely, similarities in strategies to housing problems shall require proper understanding of the needs.

The purpose of the study was to examine the extent to which the formal sector is able to meet the needs of housing of the urban poor in Kathmandu. Inter alia, it identifies major problems faced by the poor and other low-income households in obtaining funds for housing from formal financial institutions. An attempt has been made to suggest a model framework/ strategy for fostering an effective link between formal sector financial institutions and the urban low-income households in order to meet their financial needs for home ownership. The study was confined to urban households.

In carrying out the research, the current housing situation in Nepal in relation to the trends in urbanization was first reviewed. Since a large number of low-income urban households are located either in slums or else live as squatters on encroached land, the problem of shelter of squatters forms the main theme of the thesis. Analysis of the trends in housing and urbanization and the current shelter scenario revealed that unless innovative solutions are found, the shelter situation is unlikely to show any appreciable improvement in foreseeable future in Nepal. This is followed by presenting a socio-economic profile of the characteristics of the urban poor in terms of education, occupational patterns, income, asset status and expenditure behaviour by way of three case studies.

A major task facing the housing sector in Nepal relates to the provision of adequate shelter to the poor. Widening disparity in income has reduced the scope for integrating them into the formal housing market even further. In addition, the poor do not have access to finance from financial institutions owing to their low, irregular and uncertain incomes and their inability to furnish the conventional acceptable collateral security. The extent to which the formal financial institutions are able to meet the needs of housing finance was examined.

In Nepal, a major limitation of the conventional housing finance system in the context of low-income households is the restrictive nature of the prescribed criteria and terms for the grant of housing loans. A basic principle of housing finance policy is the method employed to determine the eligibility of the loan application. These generally

consist of a minimum level of income, an assured flow of income (and hence stable, dependable employment and regular savings) and provision of adequate collateral. Given Nepal's highly skewed income distribution in favour of the poor and the dominance of self-employed in tiny trades and businesses, a largely majority of the households is clearly barred from access to housing finance at the start. Furthermore, since most financial institutions insist upon satisfactory collateral for the loans such as land, home ownership and easily marketable assets, most low-income households are unable to meet this criterion. Additional major gap in most credit instruments is the inbuilt rigidities in repayment schedule. It was found that any credit instrument addressed to the low-income households ought to take into account the irregular and uncertain income flows and of necessity must meet the specific requirements of various income groups. These issues concerning the urban poor are addressed in the thesis.

It would be in order to state some of the fundamental findings within which recommendations are made. To begin with, it was found that in Nepal, formal financial sector has not made any significant contribution for providing housing finance to the low-income households and is unlikely to adequately serve their needs. The second finding was that the low-income households on their own are not able to access loans from formal financial sector in their normal course either because of cumbersome procedures and documentation needed to obtain loans from formal sector or because of their inability to satisfy eligibility conditions.

The analysis revealed that low-income households in Kathmandu are generally not availing of loan facilities extended by the formal financial system. There were several reasons for this situation. First and perhaps foremost is the question of providing acceptable collateral. It was comprehended that most low-income households do not own land or have clear title to it. Most financial institutions insist upon formal documentation in regard to land and municipal certification. Clearly, unless a satisfactory solution to the problem is found, there is little possibility of the low-income households getting directly integrated into the formal financing system. For instance, Coops in Indonesia and Grameen Bank in Bangladesh have done away with the need for the conventional

collateral for housing finance and claimed loan recovery of nearly 98 per cent (Ledgerwood 1999).

It was found that the conventional housing finance system in Nepal is bound to be conservative in their lending operations with emphasis on commercial viability. It was seen that one solution to the problem could be to create new institutions which would overcome some of the limitations inherent in conventional financing mechanism. The role of nongovernmental organizations has been emphasized. The link, in order to provide proper interface with financial institutions of the formal sector and the low-income households, would in general have to be community-based organizations. This is so because for such an organization to be viable, it has to have low overheads, close supervision of loans and a collection system which is sensitive to the earning patterns and an environment which is congenial to the poor who are generally illiterate or semi literate members of society. Such a link in the model also needs appropriate technical expertise and guidance.

4.2 ADOPTION OF THE RESEARCH METHODS

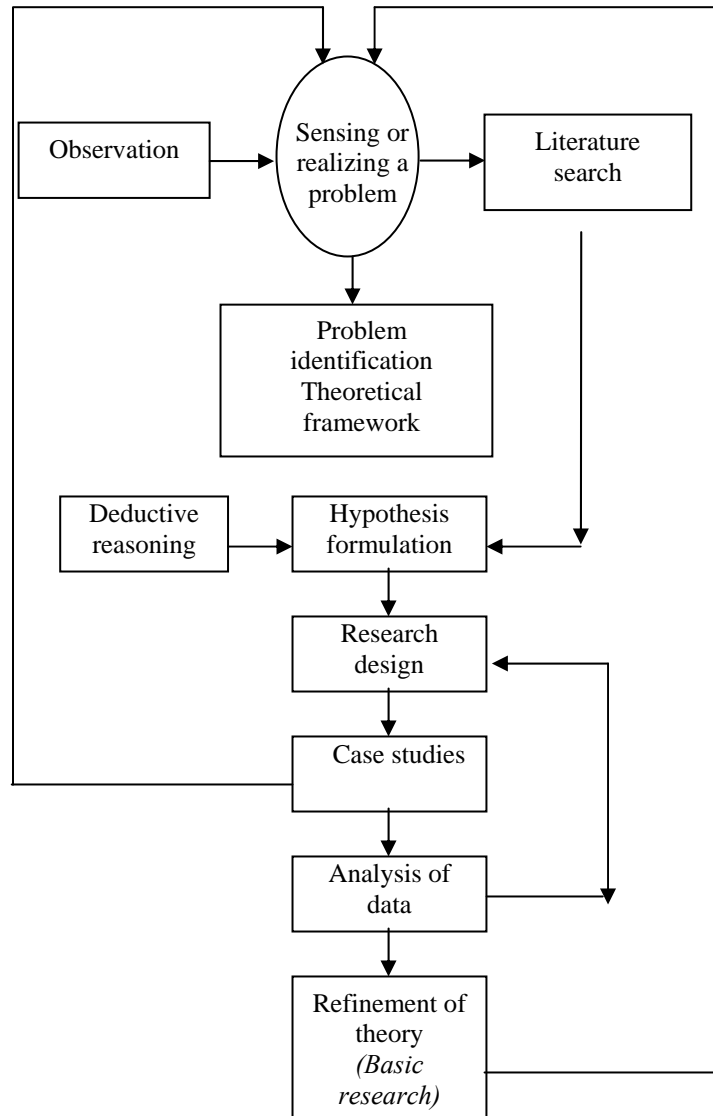
Pant and Wolff (2005) stated that researchers use many methods of acquiring information that are used in social sciences from advanced statistics to the interpretation of texts. They also rely heavily on primary statistical information regularly collected by governments and other institutions, such as censuses, statistics reports and records of unemployment, migration and other phenomena. First hand observations of some aspect of society have a long history in research. Researchers have obtained information through participant observation of the group to be studied. Participant observation has been described as the most intimate form of social research (Lofland 1972). First hand information was obtained by relying on knowledgeable informants from the cases studied. Extensive application of primary and secondary source materials was used. This was carried out by qualitative method examination. The term survey research would in this context mean the collection and analysis of responses of samples of people,

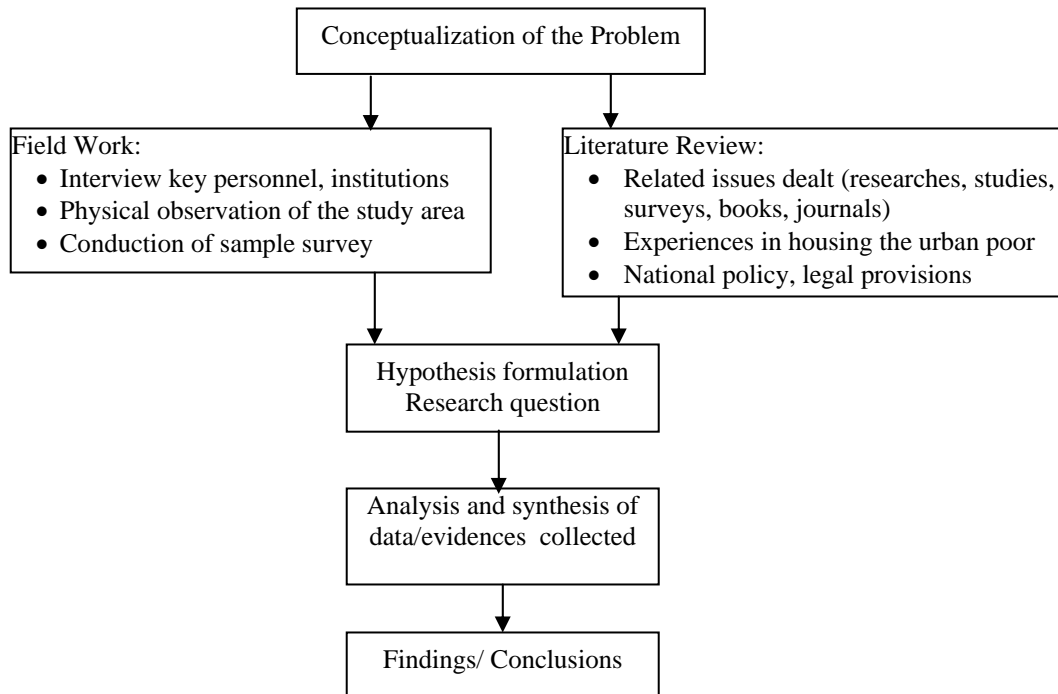
communities and questionnaires designed to elicit their opinions, attitudes and sentiments of the specific topic.

Qualitative research, the method adopted, can be defined as multimethod in focus, involving an interpretive and realistic approach to the subject matter (Denzin & Lincoln 1994:2). Qualitative research has been used to understand meanings in real life social situation because it can describe or provide further understanding of a subject and its contextual setting, provide explanation of reasons and associations, evaluate effectiveness and aid the development of theories or strategies. The formulation of the research questions thus helped to focus the subject of research. The research objectives and the context have been made explicit. The hypotheses extended the research questions into an assertion that can be validated. Qualitative methods were applied for (a) collecting contextualized and explanatory data (b) understanding meanings and processes (c) in-depth understanding of people's experiences, attitudes, behaviour and motivations (d) explaining causes and effects of wider trends of urban housing poverty (e) data sets and (f) for generating policy recommendations.

Analytic induction is a major rationale of qualitative research. The directive is take similar cases and develop a working hypothesis to explain it which was the method used in this research. The choice of cases to be examined had an important bearing on the constancy of analytic induction and is related to the sampling procedures of qualitative research. This approach had been developed by Corbin and Strauss (1998). The inductive approach to design, fieldwork and analysis resulted in determining the characteristics of qualitative enquiry applied in the research process.

Figure 4.1: The research process





- Sensing and realizing problem: The first step was observing the situation and sensing the problem.
- Problem identification: Once the level of awareness of the problem was increased, attention was focused on associated factors through further search of evidence.
- Theoretical framework: In this step of the research process, attempt was made to integrate information logically so that the reason for the problem could be conceptualized. The theories were examined and association among them was identified. Putting the theories and their association together, a theoretical framework was developed.
- Analysis: The purpose of analyzing the data and evidences was to change them from an unprocessed form to a comprehensible presentation. The collected data was aggregated into a form that could present a summary of the findings. They were compiled, analyzed and interpreted carefully to understand their full meanings and implications. The main intention was to obtain answers to the research questions and to test the hypotheses.
- Conclusions: It was determined that the hypotheses had been supported by data and evidences and a new theory has been corroborated. After the analysis,

conclusions and recommendations were made. The conclusions were supported in the literature.

The review of literature continued throughout the research. An extensive survey of literature was carried out of the policies and works done in Nepal concerning problems of urban poverty and housing the poor. Conclusions were made. A survey of theories and practices adopted in neighbouring countries was reviewed. Programs implemented in those countries in respect to housing the poor were examined and conclusions made.

Primary sources of information included case studies, interviews, questionnaires and observations. Bouey and Rogers (1996:52) stated that without doubt, the most utilized data collection method in qualitative research studies is the interview. For collection of primary data, methods included questionnaire survey, physical mapping and references provided by concerned organizations. Group discussions were conducted with the inhabitants of the case study areas. Questionnaire surveys were conducted with the help of inhabitants. An investigation survey was conducted for the identification of the study areas. The study areas were identified and delineated. For this purpose, ward offices and local inhabitants of the area were consulted. Concerned authorities from related institutions were conferred with. Visual field investigations were carried out for the identification of the characteristics.

Secondary data are in the form of data, information and published materials (Pant and Wolff 2005). Data, statistics and findings from relevant previous investigations and literature studies were reviewed. National censuses, national sample surveys were major sources of demographic data. They provided the materials for investigating the causes and consequences of the population. Common sources were the population censuses of Nepal.

- Hypothesis formulation: A hypothesis is a deduction made as a point of entry for further investigation from proven facts (ibid.). The research hypothesis is a formal affirmative assertion predicting the research outcome and an explanation of the relationship between the variables (Best 1981). It focuses the investigation to a

definite target and determines what observations are to be made. It is commonly agreed that qualitative data are used for generating hypotheses and describing the process (Atkinson and Coffey 1996). The hypotheses extended the research questions of the thesis into a contention that could be validated. In this step of the research process, the hypotheses were formulated based on the theory.

- Research design: This step was involved in devising the plan for research. The research hypothesis and research questions were narrowed.
- Collection of data and analysis: Atkinson and Hammersley (1995: 209) asserted that the initial task in analyzing qualitative data is to find some concepts that help to formulate the recommendations. The qualitative research method has been used in the thesis to analyze the situations and provide the basis for the application of theories and extension of methods. The first step in the analysis was to establish a firm research focus to which the researcher could refer over the course of examination of the phenomenon. The researcher established the focus of the study by forming queries about the situation and problems to be studied. The researcher investigated the objective of the case studies in depth using data gathering methods to produce evidence that led to the understanding of the cases and answered the research questions. Data was gathered by a collection of methods, including assessment by the researcher of physical and socio/ economic characteristics and interviews with the inhabitants of the case study areas. Inventories, recorded data from previous studies and surveys conducted by government agencies and other sources were extensively reviewed.

4.3 THE CASE STUDIES

Best defined the case study as a way of organizing social data for the purpose of viewing social reality (Best 1981:108). It examines a social unit as a whole. The unit may be a person, a family, a social group, a social institution or a community. The purpose is to understand the phenomenon of a significant phenomenon. The case study probes deeply and analyses the interaction between the factors that explain the present status and that which influences change or growth. It is a longitudinal approach.

The case study research method has been adopted in the investigation because it excels at bringing an understanding of a complex issue and can extend experience or add strength to what is already known through previous research. Case studies emphasize detailed contextual analysis of a limited number of conditions and their relationships. Yin (1994) defined the case study research method as an empirical inquiry that investigates a contemporary phenomenon within its real-life context.

The selected three case studies (two primary and one secondary) have been a thorough examination and analysis of a similar group of people living together. The analysis dealt with such components as location, appearance, prevailing social and economic activities, historical development, mode of life, social structure, physical facilities and services. The processes applied during the data collection stages were familiarization with the issues of the low income people in Kathmandu, identification of the case study areas for situational analysis, checklists, preparation of questionnaire for data and evidence collection, identification of community leaders to participate in the data collection, examination of housing conditions, collection of quantitative and qualitative information, understanding the local problems, issues/ situation and household surveys.

4.4 THE INTERVIEW

The interview is an important tool of research. The oral questionnaire method was used in the analysis. Instead of writing the response, the interviewee gave the required information verbally in a face-to-face relationship. The interview method was found to be superior to other data gathering devices. One reason was that people were usually more willing to talk than to write. After the interviewer gained rapport and established a friendly and secure relation with the subject, certain types of confidential information was obtained which the individual might have been reluctant to put in writing. The interviewer explained the purpose of the investigation and made clear just what information was needed. If the subject misinterpreted the question, the interviewer followed it with a clarifying explanation. At the same time, the sincerity and insight of the interviewee was evaluated. It was also possible to seek the same information, in

several ways, during various stages of the interview, thus providing a check of the truthfulness of the responses. Through the interview technique, the researcher stipulated the subject to greater insight into his own understanding.

An open form question, in which the subjects were encouraged to answer in their own words at some length, was used. This perception made use of the advantage of the interview in getting beneath the surface reactions. The closed form question in the pattern of a multiple-choice response was avoided.

4.5 THE QUESTIONNAIRE

A questionnaire is a formulated series of questions. It is used when factual data and information is desired. Questionnaires administered personally to an individual or groups of individuals have a number of advantages. The person administering the instrument has an opportunity to establish rapport, to explain the purpose of the study and to explain the meaning of the questions that may not be clear. Questionnaires are generally of two types (Best 1981: 168-176): (a) *The closed form*: Questionnaires that call for short, check responses are known as closed form type. They provide for making a yes or no answer, a short response or checking an item from a list of suggested responses. It is easy to fill out, takes little time and is fairly easy to tabulate and analyze but may yield superficial information. (b) *The open form*: The open form type of questionnaire calls for a free response in the respondent's own words. The following open form question gives an example: *Why did you choose to settle in this neighbourhood?*

No clues are given for the answer. The open form type of questionnaire was adopted in the research because it was found that it provided for a better depth of response. The respondents revealed the framework of the situation in a satisfactory manner. The final step involved interpretation and generalization of the findings into the larger body of knowledge about the phenomenon. The approach attempted to solve the problem identified by the study.

5. CASE STUDIES AND ANALYSIS

5.1 BANSHIGHAT SQUATTER SETTLEMENT

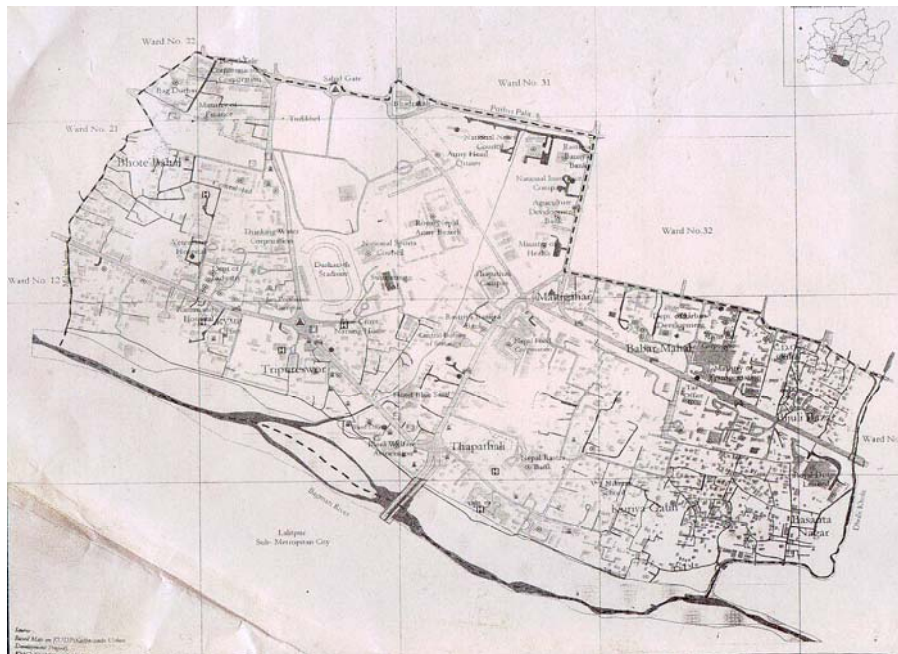
The Banshighat squatter settlement is located in ward number 11 (a ward is a numbered neighbourhood), Kathmandu on the bank of Bagmati River. The majority of the ward's multi-ethnic inhabitants are Hindus. Most of the people in this ward belong to the Newar community and the feeling of religious tolerance and mutual cooperation is high. There are important religious edifices on the bank of the river. Among them, *Kalmochan Ghat* and Mahadev temple built by Tripura Sundari are prominent. There are altogether seventeen temples, five *bahal* and *bahils* and three *chaityas/ stupas* in the ward. Eight of the heritage sites also lie in this ward, namely Bhadrakali temple, Jagannath temple, Panchayan temple, Kalmochan Ghat, Tripura Sundari temple, Purneshwar Mahadev temple, Singha Sattal Stambha and Jange Hiranya Hem Narayan temple.

The ward encompassed an area of 183.9 hectares with a population of 15,244 (8,336 males and 6,908 females) in 3,488 households in 2001. The ward has the confluence of the Dhobi Khola and the Bagmati on its east, ward numbers 12, 21 and 22 on its west, Shahid Gate and Bhadrakali temple on its north and the Bagmati river on its south. The Kathmandu Metropolitan office stated that squatters are one of the five biggest problems identified in the ward (KMC 2005:35-46). There are altogether two hundred and fifty houses occupied by squatters in Tripureshwar Mahdev, Purneshwar Bahal and Banshighat.

Figure 5.1: View of Banshighat squatter settlement from Bagmati River (2008)



Figure 5.2: Map of ward number 11, Kathmandu



The review of the housing situation within the ward is shown in Table 5.1.

Table 5.1: Housing conditions in ward number 11, Kathmandu (2008)

Building structure	per cent	Condition (per cent)		
		Good	Fair	Poor
Clay mortar	5	30	50	20
Clay mortar and plaster	25	35	55	10
Cement mortar	50	45	50	5
RCC frame	20	80	20	-

There are two government hospitals and five private hospitals and nursing homes located within the ward. In the employment sector, there are four manufacturing units, five tourism related services and one construction related works. In the security services, there are two police beats in Thapathali, two community level posts in Tripureshwar, one *Praharī Gan* (police station) in Tripureshwar and one traffic police beat in Thapathali. The festivals originating from this ward are Indra Jatra, Ghode Jatra, Bhadrakali Jatra, Krishna Janmasthanī and Chema Puja.

Banshīghat squatter settlement

The Banshīghat settlement lies on the river side of Bagmati River one kilometer west of the Bagmati bridge at Thapathali ward number 11. This area has several religious edifices such as temples, *paties* (rest house) and *ghats*. They were meant for the use of holy men (*sadhū*s). Squatters started occupying these sites in 1960s as mentioned by the ward secretary. The Banshīghat settlement evolved in 1988. The ward secretary said that the earlier settlers in the area were the first occupants of the settlement. The settlement has 105 households with 495 people. There are other settlements that have emerged and are still emerging along the Bagmati river and have necessitated urgent attention.

Figure 5.3: View of Banshīghat squatter settlement, Kathmandu (2008)

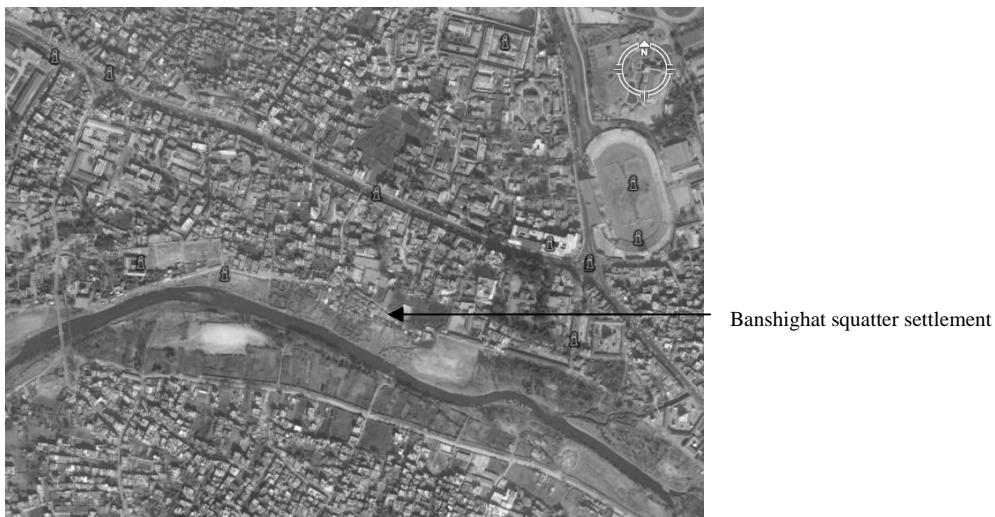


Figure 5.4: Location map of Banshighat squatter settlement, Kathmandu

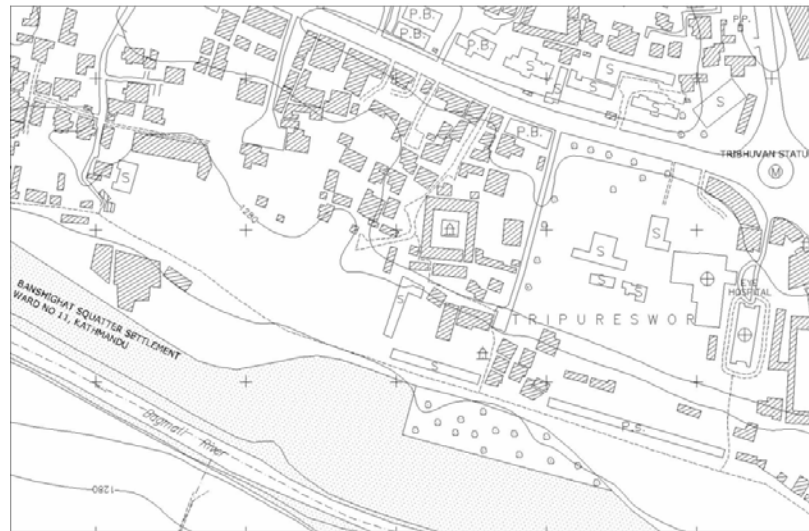


Figure 5.5: Banshighat squatter settlement, ward number 11, Kathmandu (2008)



Most of the respondents pointed out that fear of eviction is the greatest. Many hesitated to respond to this matter. Hamdi (2004) stated that the insecurity among squatters because of threat of eviction does not lead to a normal living pattern. The settlers are uneasy of their legal status on land as they have no legal documents, and the constant fear of eviction is always there, especially as the government has proposed to build the United Nations Park, planned to extend from Banshighat to Panchayan ghat in ward number 11, Thapathali.

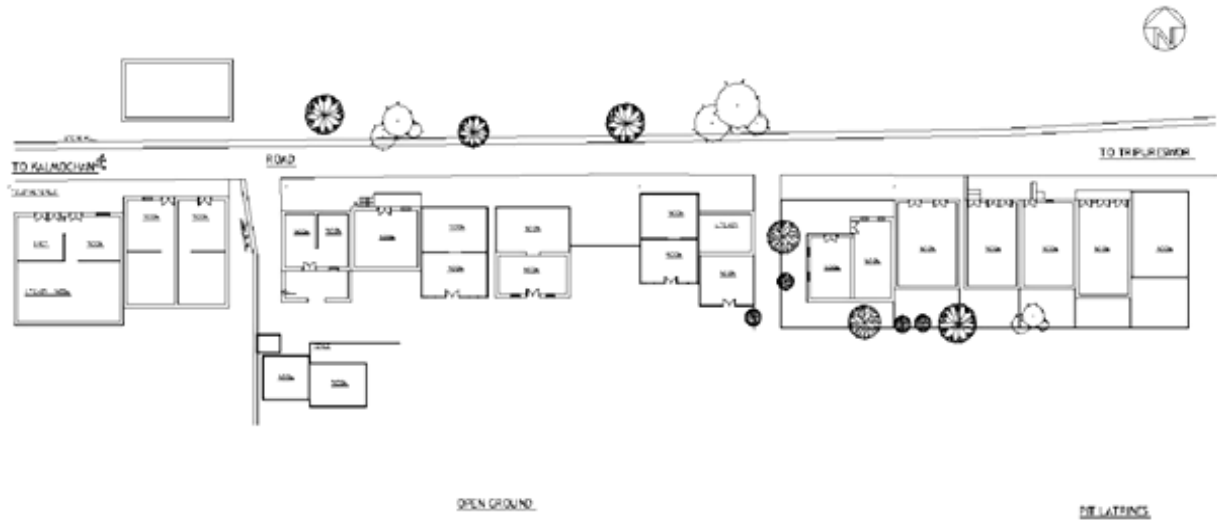
Figure 5.6: Proposed United Nations Park in Panchayan ghat, ward number 11, Thapathali



They are also concerned about on ongoing bridge construction linking Gushingal, Lalitpur, with Tripureshwar, Kathmandu and the possibility of making a river side road along the settlement's northern border. The squatters also claimed for the investment made by them on their houses, should they be evicted or resettled. As these houses were not built through the approval of concerned authorities, they do not hold ownership certificate of the land on which their houses are built. Thus the compensation becomes a question due to lack of entitlement of the land and the house.

Figure 5.7: Settlement pattern of Banshighat squatter settlement, ward number 11, Kathmandu (2008)





It is found that somewhere in the transition from a rural to urban location, as in the case of Banshigat, they discover that their image shifts too. Where once they were poor but had some say in society, they have become 'squatters' maligned as lawbreakers for taking illegal advantage of urban space. To find solutions to a phenomenon such as this it is seen that urban authorities have to first recognize and then act to establish the link that is crucial between urban growth and housing. This is the agendum that has been largely neglected by urban and national authorities with the consequent proliferation of squatter formation as a housing solution. Squatter settlements have formed mainly because of the inability of city governments to plan and provide a strategy for affordable housing for the low-income segments of the urban population. It was found that no institutional plan or strategy has been made to address the issue of Banshigat.

5.2 SETTLEMENT DEMOGRAPHIC PATTERNS

The term demography has its origins in the Greek word *demos* meaning 'the people'. Through demography, a study of the people, it is possible then to begin the process of drawing a comprehensive picture of the subject being studied. The first census-like enumeration of the population of Nepal was recorded in 1911 and followed up in 1920, 1930 and 1941. The 1952/54 census is regarded as a benchmark of a more scientific enumeration (Gurung 2001). Subsequent censuses tried to make improvements

in methodology and statistical techniques. In the last forty years, Nepal's population has more than doubled. As the population has grown, many people have migrated from their village or district of origin to an urban area. The main reason of this rural-urban migration has been economic independence, in terms of anticipated employment opportunities in the city; and also economic dependency, that is when the income earning member of a family moves to the city and dependent family members are forced to follow. The growth in urban populations has contributed in both slum and squatter settlements and, each year more communities are being identified.

The total population of the Banshighat squatter settlement is 495. Total males are 266 and total females are 229. Total population under fifteen is 187. The total number of households is 105. Total female-headed households are 16. The average household size is 4.71. The average household size in the community is less than the national average of 5.73 (CBS 2002d:15). One reason for the smaller household size could be the breakup of nuclear family units that occurs when people move from their place of origin to an urban centre.

Table 5.2: Demographic characteristics of the Banshighat settlement

	Count	Per cent
Total population	495	100
Total males	266	53.7
Total females	229	46.3
Total population under 15	179	36.2
Total households	105	100
Total female headed households	16	15.2
Average household size	4.71	

Source: Household survey 2008

5.3 SOCIAL CHARACTERISTICS

5.3.1 SEX RATIO

The sex ratio is the ratio of the number of persons of one sex to that of the other, and is one of the principal numerical measures of sex composition. The ratio may either be expressed as the number of males per 100 females or as the number of females per 100 males. Usually the former definition is employed. The overall sex ratio of the total population of Nepal was 99.8 males for every 100 females (CBS/ UNFPA 2002).

Table 5.3: Males per 100 females by five year age groups, Nepal, 2001

Age groups	Nepal	Urban	Rural
0-4 years	102.7	105	102.4
5-9 years	103.5	107	103
10-14 years	105.9	106.5	105.8
15-19 years	98.6	109	96.8
20-24 years	88.5	103.1	85.6
25-29 years	90.8	101.2	88.7
30-34 years	95.1	107.9	92.6
35-39 years	98.8	107.7	97.2
40-44 years	98.5	114.3	95.9
45-49 years	103.5	115.6	101.7
50-54 years	105.2	112.7	104
55-59 years	112.4	119	111.4
60 years and over	101.7	93.9	102.8
All ages	99.8	106.4	98.8

Source: CBS 2003b

Urban-rural differences in sex ratio in the 2001 census are shown in Table 5.3. It revealed a predominance of males over females in age groups 0-59. It is only in the 60 years and over age group that the ratio of females is higher than that of males. It was found that the male dominance is particularly higher in urban areas in the age groups 40 to 59. From the survey, the sex ratio in the Banshigat settlement was found to be 116.2 compared to the national average of 99.8. The lower number of females is in contrast with the national sex composition trend.

5.3.2 AGE COMPOSITION

Singh (2003) defined aging as progressive attainment of ages of last stage of maximum life span of a human being. Transition of Nepal's population has been the age structure of the population in favour of elderly person by increasing the proportion of elderly persons aged 65 and above from 2.43 per cent in during 1911 to 4.21 per cent in 2001. Though the increase is not much compared to developed countries, it indicates the starting of aging dynamics in Nepal.

Table 5.4: Percent distribution of population, Nepal, 2001

Age groups	Urban Total	Male	Female	Rural Total	Male	Female
0-4 years	9.5	9.4	9.6	12.6	12.8	12.3
5-9 years	11.6	11.6	11.5	14.5	14.9	14.2
10-14 years	12	12	12	13.3	13.8	12.8
15-19 years	11.4	11.6	11.3	10.4	10.2	10.5
20-24 years	11.1	11	11.3	8.5	7.9	9.1
25-29 years	9.4	9.1	9.6	7.3	6.9	7.7
30-34 years	7.9	8	7.8	6.3	6.1	6.5
35-39 years	6.6	6.6	6.5	5.6	5.6	5.7
40-44 years	5.1	5.3	4.9	4.7	4.7	4.8
45-49 years	4.1	4.2	3.9	4.1	4.1	4
50-54 years	3.2	3.3	3.1	3.4	3.5	3.3
55-59 years	2.4	2.6	2.3	2.7	2.8	2.5
60-64 years	1.9	1.9	2	2.4	2.4	2.3
65-69 years	1.5	1.4	1.6	1.7	1.8	1.7
70-74 years	1	1	1.1	1.2	1.3	1.2
75 + years	1.3	1.1	1.4	1.3	1.3	1.3
Total	100	100	100	100	100	100

Source: CBS 2001, 2003b

There are substantial differences in the age composition of population between urban and rural areas particularly in the below ten age groups and the 20-24 age groups. In Nepal, below ten populations comprised 21.2 per cent of the total urban population in 2001 while it was 27.1 per cent for rural areas. The 20-24 age population is also higher by 2.6 per cent in urban areas. The increased proportion of aged population in rural areas could be a consequence of age-selective migration from rural areas. The age of the residents examined in the Banshigat settlement is shown in Table 5.5.

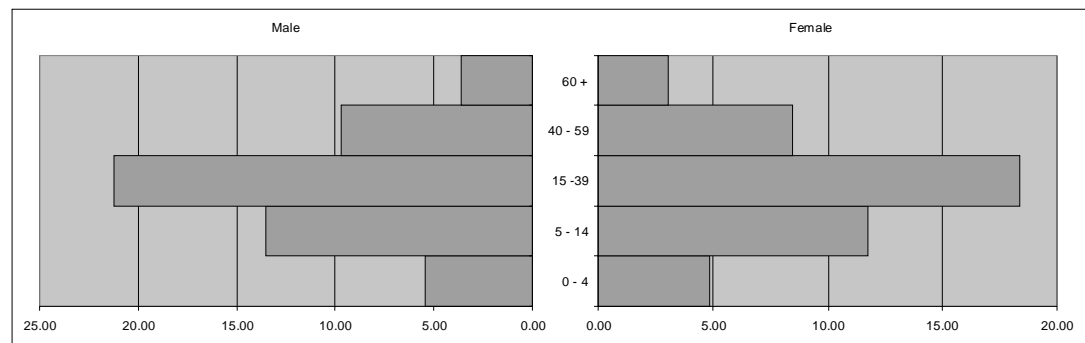
Table 5.5: Age composition of Banshighat settlement residents

Age groups	Male	Female	Count	per cent
0-4 years	27	24	51	10.3
5-14 years	67	58	125	25.2
15-39 years	105	91	196	39.6
40-59 years	48	42	90	18.2
60 + years	18	15	33	6.7
All ages	265	230	495	100

Source: Household survey 2008

The population pyramid for the Banshighat settlement shown in Figure 5.7 was made by computing a percentage distribution of its population simultaneously cross classified by sex and age.

Figure 5.8: Population pyramid for Banshighat



Source: Household Survey 2008

The largest age category in the settlement was the 15-39 year age group, followed by the 5-14 year age group. The decline in the 40-59 and 60+ year age categories in the community can be attributed to the life expectancy rate in Nepal that averages at 55 years.

5.3.3 ETHNICITY AND RELIGION

For the purpose of clarity, caste is defined as a social group within the Hindu caste system, and ethnic (*janajati*) as a social group with its own mother tongue, native area and religious tradition (Gurung 2005). In other words, caste groups are vertically stratified by ritual status while ethnic groups are horizontally distributed in space. In Nepal, though the Central Bureau of Statistics has already conducted ten decennial

censuses since 1911, the taking of census considering the social components of population such as language, religion and ethnic/ caste groups is a relatively recent trend. The 1952/54 census provided information on language on the basis of the mother tongue and religion. It was found that the other social components of caste and ethnicity were included only in the 1991 census. More caste and ethnic groups have been identified in the 2001 census than in 1991.

Historically, it is difficult to provide the information on ethnic/ caste groups of Nepal for two reasons: i) history of unified Nepal begins only after 1768 and ii) no anthropological/ linguistic survey has been carried out in Nepal to note the various ethnic/ caste groups and their mother tongues. Gurung (2001:36-41) stated that there are at least 35 ethnic and 36 caste groups with distinct language and culture in Nepal. These diverse ethnic/ caste groups can be arranged into five broad cultural groups: i) the caste-origin Hindu groups ii) the Newar iii) the Janajati iv) Muslim and v) others: Sikh, Punjabi, Bengali, Marwari and Jain.

The first census to report on the composition of the Nepali population by religion was that of 1952/54. The superiority of those claiming to be Hindu is the legacy of Nepal's state formation based on this Indic philosophy. The definition prescribed in the census schedule provides a basis to Hindu religion both as to deities as well as ethnicity. For example, the 1952/54 census manual (Statistics Department 1957: 32-36) specified the religious groups as:

- (i) Assign as Hindu such as Bahun, Chetri, Newar, Gurung, Sarki, and Damai who worship the *Panchayan* deities such as Ganesh, Shiva, Vishnu, Sun and Devi.
- (ii) Followers of Buddha's faith and so inclined religiously are Buddhists such as Salmi, Udas, Banra, Lama and Thakali.
- (iii) Assign as Islamic believers as those reading *namaz* in the mosque such as Musalman and Chureta.
- (iv) Where the religion is unclear, assign one of the above religions by inclination of their birth/ death customs and behaviours.

In this context, it is relevant to examine the percentage change of population by religion in Nepal. The various censuses carried out in Nepal have provided the information for this.

Table 5.6: Percent change of population by religion

Religion	1952/54	1961	1971	1981	1991	2001
Hindu	88.87	87.69	89.39	89.5	86.51	80.62
Buddhist	8.59	9.25	7.5	5.32	7.78	10.74
Islam	2.54	2.98	3.04	2.66	3.53	4.2
Kirat	-	-	-	-	1.72	3.6
Jain	-	0.01	0.05	0.06	0.04	0.02
Christian	-	-	0.02	0.03	0.17	0.45
Sikh	-	-	-	-	-	0.02
Bahai	-	-	-	-	-	0.01
Other	0.01	-	-	2.43	0.14	0.34
Unstated	-	0.06	-	-	0.1	-
Total	100	100	100	100	100	100

Source: Population Censuses 1952/54, 1961, 1971, 1981, 1991, 2001

Table 5.6 suggests that the percentage of Hindu population is gradually declining after the 1981 census. On the other hand, the Buddhist populations have been increasing substantially after 1981. Likewise, the Kirat religion has been included since the 1991 census. It was found that the percentage of the Christian population is increasing every year. Table 5.7 shows the number of ethnic/ caste groups with their percentage of total population in Nepal based on five broad cultural categories.

Table 5.7: Five broad cultural groups in Nepal

Broad cultural groups	Total ethnic/ caste	Percentage of total
Caste-origin Hill Hindu groups (including Hill dalit)	9	38
Caste-origin Tarai Hindu groups(including Tarai dalit)	43	20.97
Newar	1	5.48
Janajati (both the Hill and Tarai janajati)	41	31.01
Muslim (including Chureta)	2	4.29
Other	4	0.25
Total	100	100

Source: Dahal 2003, CBS 2001 census

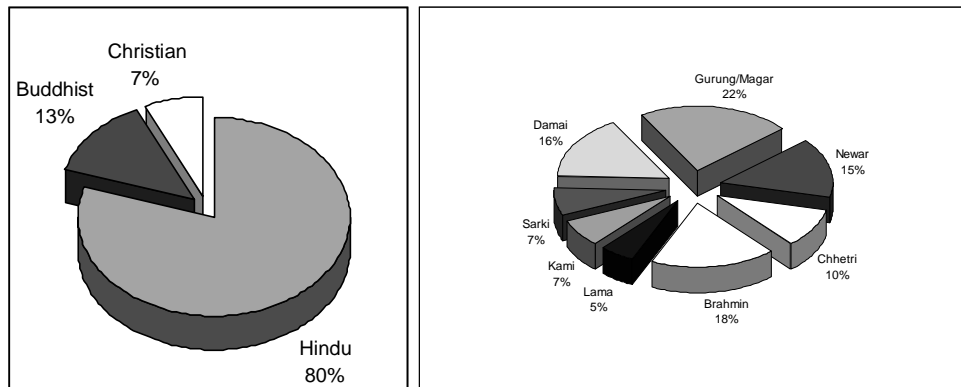
Table 5.8: Most numerous caste/ ethnic groups in Nepal

Group	1991		2001		Native area	Social group
	Per cent	Rank	Percent	Rank		
Chhetri	16.1	1	15.8	1	Hill	Caste
Bahun	12.9	2	12.7	2	Hill	Caste
Magar	7.2	3	7.1	3	Hill	Ethnic
Tharu	6.5	4	6.8	4	Tarai	Ethnic
Tamang	5.5	6	5.6	5	Hill	Ethnic
Newar	5.6	5	5.6	6	Hill	Ethnic
Muslim	3.5	9	4.3	7	Tarai	Religious
Kami	5.2	7	3.9	8	Hill	Caste
Yadav	4.1	8	3.9	9	Tarai	Caste
Rai	2.8	10	2.8	10	Hill	Ethnic

Source: Gurung (2005)

The various caste/ ethnic groups are associated with their traditional areas or places of origin. Although there has been much dispersion through internal migration, each social group can still be identified with their former native area. Thus, those from the mountain zone are called *Bhote* or *Himali*, *Parbate* from the hill zone, *Awalia* from the inner Tarai and *Madhesi* from the Tarai. In the Kathmandu valley, the majority of people in the squatter communities are seen to be Hill Janajatis, such as Lamas and Gurungs, who have moved to urban centres in response to deteriorating hill economies. The high representation of Hill Janajatis and the caste-origin Hindu groups, such as Bahun/ Chhetris in the squatter communities could also reflect the way rural poverty is linked to caste. In the Banshighat community, 80 per cent of the residents were caste-origin Hindu groups, 13 per cent Buddhist and 7 per cent were Christians.

Figure 5.9: Ethnic and caste distribution in Banshighat community



Source: Household survey 2008

The caste distribution pattern in Banshighat revealed, similar to other squatter settlements of Kathmandu, the Hill Janjatis such as Gurung, Magar and Lama formed the majority. Their combined percentage was seen to be 27 per cent of the population, followed by the Brahmin caste group 18 per cent and the Damai caste group 16 per cent.

5.3.4 LANGUAGE

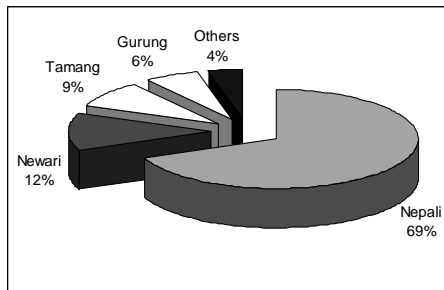
Yadava (2003:138) defined language as the speech of a particular community or country. The term 'mother tongue' has been defined as the language acquired first by children in their childhood from their parents and used in their household since they start speaking. Gurung (2001:50) defined that dialect is a form of speech peculiar to a particular region. Drawing distinction between language and dialect in Nepal is difficult for its tendency to be subjective and political.

A basic problem with regard to languages and dialects of Nepal is the establishment of their exact number. The population census of 1952/54, the first to report data on mother tongue, listed 53 languages/ dialects (Statistics Department 1957: Vol. I. Part II Table 9). The census report also included 6 native and 10 foreign languages that were excluded in the later censuses. The 2001 census identified 92 languages spoken as mother tongues in Nepal. In addition, a number of languages have been reported as unknown languages. Owing to its multiple languages, a link language is needed to communicate and interact in carrying out interpersonal and socio-economic activities. Most non-Nepali speakers are found to be using Nepali as a lingua franca. In addition to using Nepali as a lingua franca, most non-Nepali speakers also have to learn Nepali for its use in education, administration and communication. Sanskrit, enumerated with only 823 speakers, is restricted to performing religious rituals. Nepali is the mother tongue used by 48.61 per cent of the total population followed by Maithali 12.30 per cent, Bhojpuri 7.53 per cent and Tharu 5.86 per cent (CBS/ UNFPA 2002).

Language patterns clearly reflect ethnicity and settlement conditions. Those who have settled in the squatter settlements have largely adopted Nepali as the medium of

communication. This does not mean that they no longer speak their mother tongue; it is just that a common language is needed to communicate with the variety of people living in the squatter settlements. In the slum communities, however, the homogeneity of the residents has meant it has been possible to maintain private and public use of the mother tongue, Newari, as the dominant medium of communication. The Newars, in particular, have shown great reluctance in adopting another language. Their efforts to preserve their language can also be noted in the substantial level of Newari still spoken the slum communities.

Figure 5.10: Main language group in Banshighat



Source: Household Survey 2008

In Banshighat, it was found that Nepali was the common language of communication among the residents. However, the mother tongue was the language spoken in the Newar, Tamang and Gurung households within their families.

5.3.5 REGION OF MIGRATION

The definition of a migrant used to analyze data by Migration Survey Nepal is that a person is a migrant if his/ her place of birth is different from the place of enumeration. It is noted that KC (2004:205) identified migration as the least researched area in Nepal compared to other demographic dynamics despite the fact that many socio-economic, demographic and political problems are closely associated with the process of both internal and international migrants. Gurung et al (1998:3-7) suggested that prior to the initiation of planned economy, the dominant direction of migration was from west to east along the hills and after the initiation of the planned economy, north to south, or hill to *Tarai* became the dominant direction. The percentage distribution of migrants by place

of region of the total migrants was 56.2 per cent in the *Tarai*, 38.2 per cent in the Hills and 5.6 per cent in the mountains. Of the total population enumerated as migrants, 56.9 per cent were from the Hills, 32.5 per cent from the *Tarai* and 10.6 per cent from the mountains in 2001.

A large number of squatters in the Kathmandu valley have been found to have migrated from places in the Central Development Region. Fifteen per cent had migrated from the Eastern Development Region (Lumanti 2001:21). The high percentage of squatters identifying the Central Development Region as their region of migration could reflect several scenarios. Firstly, this data could suggest that most squatters have come from the hills around the Kathmandu valley, venturing to nearby urban centres in their search for employment. If this is the case, it could follow then that other regional urban centers in Nepal have experienced a similar influx of squatters. Secondly, it is important to take note that this data relates to regions of migration, not specifically to the region to the region of origin of a squatter family. In some cases, the journey of squatters to their current settlement has involved several phases; for example, moving from a village to a small town and then into the Kathmandu valley. As a result, the high number of squatters who identified their region of migration as the Central Development Region could be reflecting the final phase in their journey to their current location.

Migration to Banshighat is from both Kathmandu valley and other places as well. Some of them directly migrated to Banshighat whereas some migrated to some other place in Kathmandu valley initially and then gradually migrated to this settlement. But it was found that before coming to this settlement, a high percentage of the squatters had already taken shelter in Kathmandu. They were mainly staying on rent. It was revealed that some of them got to know about Banshighat from their friends. For example, they got introduced with those staying in Banshighat, then they gradually occupied land and built their settlement. People from India have also taken shelter in this settlement. There are twelve persons of Indian origin. They have not built their own houses but are staying in rent. The surveyed households of Banshighat were found to have the following origins: households having origin within the Kathmandu valley 18.8 per cent, households

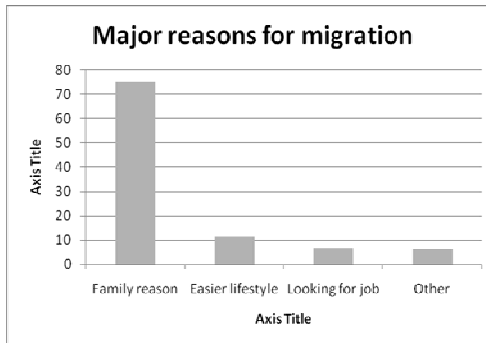
having origin outside Kathmandu valley 81.2 per cent. Among the migrants, 79.9 per cent of the households have migrated from the central development region. Similarly, 14.4 per cent and 5.8 per cent of the households have come from eastern and western regions respectively.

5.3.6 REASONS FOR MIGRATION

The 2001 census identified five main reasons for migration: trading, agriculture, employment, study/training and marriage. Initially, low density and limited economic capacity in the mountain and hill zones prompted migration to the *Tarai*. At present, the *Tarai* has low capacity to absorb additional population. Urban areas have become overcrowded because of in-migration. Though the Tenth Plan of Nepal aimed for a balanced spatial distribution of the population by promoting socio-economic development in the sending and receiving areas, it did not take into account the interrelationships between migration and poverty in the country.

Despite many studies on rural-urban migration in Nepal, relatively little is known about the nature of this rural-urban flow. What is known is that the population mobility currently being witnessed in Nepal is not a new trend. How to deal with the growth in the number of people moving into urban areas has been a growing concern. In the squatter communities in Kathmandu, economic well being appears to have been a major push factor for residents deciding to leave their place of origin and move to an urban area. The main reasons found for migration were a lack of land in their place of origin and the search for employment. Another important factor in this context is the number of dependent people, usually women and children, who have also migrated to urban areas. In a migration study conducted by the Central Department of Population Studies, Tribhuvan University in 1996, marriage and dependency accounted for 94 per cent of the rural-urban migration among women. Of those who had moved into slum areas, however, the main reason had been a lack of land ownership elsewhere and the inability to afford land/ houses. Not much monitoring of the trend of the low-income people being attracted to slum areas because of affordability has been done. This has a potential to lead to the formation of large slums.

Figure 5.11: Major reasons for migration in Nepal



(Source: CBS 2004)

In Banshighat, those who migrated from outside the Kathmandu valley pointed out opportunity for employment as the primary reason for their migration (a pull factor). Some of the squatters in this settlement were project-affected families and some had become landless due to natural calamity. A number of reasons for migration were revealed by the investigation: (a) displacement due to acquisition of land by government (b) land not sufficient for agricultural production to sustain life (c) became landless due to various reasons (natural calamity, high expenditure on medical treatment) and (d) lack of opportunity for better education for the children.

Table 5.9: Reasons for migration in the Banshighat squatter settlement (push factor)

Reasons for migration	percentage of households
Lack of employment opportunity	50
Landlessness	37.5
Land not sufficient for agricultural production to sustain life	6.25
Lack of education opportunity	6.25

Sample size: 33 households 2008

Selection of Banshighat

It was found that a higher portion of the settlers' income was spent on room rent compared to their income when they were staying outside Banshighat, but within the Kathmandu valley. Gradually, they started thinking of exploring squatter settlements where at least room rent could be saved and an opportunity could be found to build and improve by saving certain amounts every month. A number of reasons were revealed for the selection of Banshighat for settlement. Some of these lead towards the answers to the

question why do people squat: (a) population was less and land was vacant (for those who settled in the beginning) (b) near to the place from where they were displaced (for those people who were displaced due to land acquisition for the veterinary hospital in Tripureshwar (c) near to the place where they had previously stayed on rent (d) no objection by anyone (institution, government, ward office, community or individual) (e) had not heard of other areas suitable for squatting (f) convenient location and opportunity for employment (very near to the work place, school and market) in addition to saving of transport expenditure (g) saving of expenditure on room rent (h) familiar community (relatives and people from the same place) and (i) plenty of open space available for the children to play. The percentage distribution of the responses on their reasons for selecting Banshighat has been shown in Table 5.10.

Table 5.10 : Reasons for selecting Banshighat for settlement

Reasons	Household percentage
Free access and no hindrance	72.8
No rent to pay	76.4
Near to place of workwork	16.8
Facilities: education, hospital	12.7
Relatives	8.6

Sample size: 33 households 2008

Means of access to Banshighat

The survey revealed major means of access to this settlement was via information collected from friends and relatives.

Table 5.11: Means of access to Banshighat

Means of access	Household percentage
Friends	45.2
Relatives	54.8

Sample size: 33 households 2008

5.3.7 LITERACY

In Nepal, the definition of literacy has evolved over the past five decades. At the present, literate person is defined as a person, aged six years and above, who can read and write and perform simple arithmetical calculations independently. The literacy rate is the ratio of the literate population, aged six years and above to the total population, and is expressed as a percentage. In 2001, the national literacy rate was 54.1 per cent. The national male literacy rate was 65.5 per cent and the national female literacy rate was 42.8 per cent (CBS/ ICIMOD 2003:132). In an increasingly written society, literacy is a huge source of employment as it allows people to understand and participate in a rapidly changing environment. Slightly more than 25 per cent of people in the urban slum and squatter settlements in Nepal are illiterate.

Table 5.12: Distribution according to education

Education	Percentage
Bachelor	0.9
Intermediate	1.3
S.L.C. passed	1.6
Up to high school level	18.8
Up to primary level	35.6
Simple literate	12.6
Illiterate	19.6
Age under 6 (not going to school)	9.6
Percent	100

Sample size: 33 households, population 155, 2008

5.3.8 IDENTIFICATION

The citizenship card is the form of identification for all citizens of Nepal over the age of sixteen. The card contains a citizenship number that is needed in order to obtain other forms of identification. Not having this identification (or not being able to obtain this identification) can restrict a person's level of participation in public life as well as generating negative perceptions about the status of people without identification. It was found that more than half of the population in both slum and squatter settlements had citizenship cards.

Table 5.13: Residents with citizenship cards (16 years and over)

Citizenship Card status	Slum community		Squatter community	
	Count	per cent	Count	Per cent
People with Card	724	65	2327	51.2
People without Card	390	35	2215	48.8
Total over 16 years	1114	100	4542	100

Source: Lumanti 2001

The high number of people without the citizenship card, thirty five per cent, in the slum communities was unanticipated. It also could be attributed to other factors such as having or feeling no necessity to obtain other forms of identification such as a driver's license or an electoral card. In the squatter communities, the high percentage of people without citizenship cards, nearly forty-nine, was not surprising because there are many obstacles for squatters in obtaining this card. The application process for obtaining a citizenship card requires an address and a migration certificate if the person is applying for the card outside their region of origin. For squatters who may not have a formal address or migration papers, it is perceived as very difficult if not impossible, to obtain a citizenship card.

5.3.9 DURATION OF STAY IN COMMUNITY

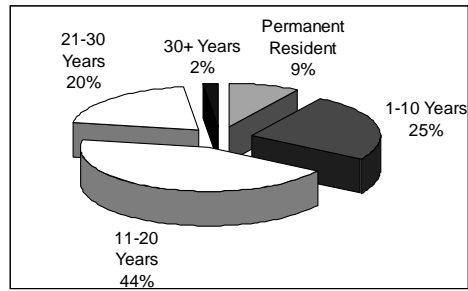
Internal migration in Nepal is very much an undeviating phenomenon as 63.1 per cent of the total in-migrants have been residing in the destination for more than ten years. See Table 5.14. Those who had resided in the destination for less than five years accounted for 19.9 per cent of the migrants.

Table 5.14: Duration of stay at current place of residence of in migrants

Duration of stay	No.	per cent
< 5 years	2234	19.9
5-9 years	3619	17
10-14 years	3292	15.5
15-19 years	2652	12.5
20 + years	7117	33.5
Duration not stated	346	1.6
Total	21261	100

Source: Gurung et al 1998

Figure 5.12: Duration of stay in the squatter communities in Kathmandu



The length of stay in a community is particularly relevant to the squatter settlements, where community workers are trying to register the formation and the authenticity of these communities. Even though many people have lived in the squatter settlements in general for a long time, usually between ten to thirty years, most are not permanent residents. That is, they have moved to their current community from somewhere else. Though in the minority, the number of permanent residents in squatter communities is substantial. At close to 9 per cent, this indicates second or perhaps even third generation squatters now living in these settlements. In addition, the number of permanent residents in squatter communities is expected to increase in the coming years, highlighting the permanent intent of those who have settled in these communities.

5.4 COMMUNITY ORGANIZATION

Community organization through the formation of groups is central to the approach to the lessening of poverty related problems because it provides an avenue for all people to participate in an organized way in the development of their communities. It also provides a platform for education, dissemination of information and advice on various ranges of issues. The basic unit of social organization in Nepal is the family or household, with the household head normally a male, or the eldest woman generally taking on the role of the head mediator. In the Nepali society, the household unit then generally links to the organization of kinship networks and that of the local area known as the *tole*. In addition, most Nepalis are directly connected to the Hindu cast system that enforces a regulated and hierarchical social framework onto all castes. Though it is assumed that the strength of this system is weakening, particularly in the urban areas, it still has considerable influence over the thoughts and action of many people.

Slum and squatter communities often appear ramshackle and anarchic; however, this outward appearance belies an intricate, internal system of order and social organization developed over many years and known to all residents. This informal organization dictates who to go for advise, permission and mediation if needed. In slum communities, where residents have been born in to a particular locality and spent the majority of their lives there, leadership and organizational roles are determined by tradition and family influence. In the squatter settlements, however, the situation is different. The residents have come to a new place where their family or social roles and status are generally unknown. For this reason, organization and leadership roles in the squatter communities tend to reflect a person's length of stay in the community and are gained on the basis of respect, age or financial well being. It was perceived that relationships between authorities and the urban poor have long been considered as a last resort. In most cases, attempts are made to solve issues or deal with problems within the community, before assistance from external authorities is sought. In addition, relationships between the squatter communities and authorities appear to be negatively influenced by the squatters' illegal occupancy of the land.

5.4.1 FORMATION OF GROUPS IN BANSHIGHAT

A group is a totality of two or more persons living for a common cause with interaction and affecting the both. It is a collectivity of individuals who interact and form a social relationship. Definitions include: a) a group in any number of human beings in reciprocal communication and (b) any collection of human beings who are brought into social relations with one another. Groups may be classified as primary and secondary. Primary groups are small, being defined by face to face interaction, having their own norms of conduct and are in solidarity. Secondary groups are larger and can be defined as associations when at least some members interact and when there is an identifiable normative system and some shared sense of communal existence.

In Banshighat, both kinds of groups were found in operation. Formation of groups in any kind of society is the indicator of the distinctive interaction pattern of the people in

the area and their social relationship. There are certain group organizations in Banshighat. These organizations do not have their legal registration but are in operation. The organizations in the settlement are (i) *Tole Ekai Samiti* (Community Committee) (ii) *Khanepani Upabhokta Samiti* (Drinking Water Users' Committee) (iii) *Swasthya Karyakarta Samiti* (Health Workers' Committee) and (iv) *Mahila Ekata Samaj* (Women's Unity Society). The major aspects of the organizations are presented in Table 5.15.

Table 5.15: Squatters' societies in Banshighat

Particulars	Organizations			
	<i>Mahila Ekata Samaj</i>	<i>Tole Ekai Samiti</i>	<i>Khanepani Upabhokta Samiti</i>	<i>Swasthya Karyakarta Samiti</i>
Year established	1996	1998	2000	1998
Objectives	Encourage women saving habit	Improve physical and social environment of the settlement	Help provide drinking water	Provide health services
Affiliation to other organization	Lumanti	Ward no.11 committee office, Lumanti	Ward no. 11 committee office	Environment Health and Development Advisory Group (EHDAG)
Number of members in executive body	11	15	7	7
Number of general members	75	beneficiaries as specified by the <i>Samiti</i>	all the people using piped water	all settlers can avail benefit from this <i>Samiti</i>
Major activities carried out	collection of monthly saving deposit, providing loan to group members	liaison with the ward committee office	installation, maintenance of 3 public taps, collection of money for water supply bills	health check every Wednesday through EHDAG, training on reproductive health service to all residents

Tole Ekai Samiti (Community Committee)

Tole Ekai Samiti was established in 1998. This was established to improve the physical and social environment of the settlement. This committee has fifteen members. Dambar Bahadur Bamjan is the chairman of this committee. This committee runs under the guidance of *Rashtriya Abhyasthit Basobas Samaj* (National Disorganized Settlement Society) and the office of ward number 11.

Khanepani Upabhokta Samiti (Drinking Water Users' Committee)

This committee was established in 2000 with the objective of providing drinking water to the people of the settlement. This committee runs under the guidance of the office of ward number 11, Kathmandu. This committee has seven members.

Swasthya Karyakarta Samiti (Health Workers' Committee)

This committee was established in 1998. The main objective of the committee is to provide health services and advice, basically in the area of women's reproductive health. The committee runs under the guidance of the Environment Health and Development Advisory Group (a non government organization) with a total of seven members.

Mahila Ekata Samaj (Women's Unity Society)

The *Mahila Ekata Samaj* was found to be the most effective group in the Banshighat settlement. Bina Bajracharya is the chairperson of this committee. It has eleven members. She expressed that the main objectives of the group were (i) to uplift the status of women (ii) to improve the economic condition of every possible household in Banshighat (iii) to give every woman a chance of education (iv) to encourage the family to educate their children in every possible way they can and (v) to overcome violence at home.

It was revealed that there is a national group called *Rashtriya Abhyasthit Basobas Samaj* (National Disorganized Settlement Society) led by Dambar Bahadur Bamjan of Banshighat itself. It was found that due to various conflict of interests, there was a split in

this group. Other organizations called *Nepal Basobas Basti Samrakchyan Samaj*, *Mahila Ekata Samaj* and *Bal Bikas Yuva Sanjal* evolved in the national level. The *Mahila Ekata Samaj in Banshighat* is affiliated to the national one. This unit was established in 1996. The unit which emerged as a social group in Banshighat, has its own defined structure. As per their rules and regulations, each of the members has his/ her own role. The composition of the organization is shown in Table 5.16.

Table 5.16: Composition of *Mahila Ekata Samaj*, Banshighat

S n	Name	S e x	Age	Desig- nation	Place of origin	Caste	Religion	Occupation
1	Bina Bajrachrya	F	22	Presi- dent	Sankhu	Newar	Buddhist	mediator
2	Ram B. Pariyar	M	35	V.Pre- sident	Sarlahi	Dalit	Hindu	tailor
3	Mina Pokhrel	F	27	Secre- tary	Dharan	Brahmin	Hindu	housewife
4	Mina Koirala	F	45	Trea- surer	Kabhre	Brahmin	Hindu	farmer
5	Rom Pariyar	M	45	Mem- ber	Sarlahi	Dalit	Hindu	tailor
6	Sangita Pariyar	F	21	Mem- ber	Sarlhi	Dalit	Hindu	tailor
7	Sunita Maharjan	F	19	Mem- ber	Tripure- shwar	Newar	Buddhist	teaching
8	Ganga Kapali	F	45	Mem- ber	Bhakta- pur	Newar	Hindu	house wife
9	Sunita Thapa	F	32	Mem- ber	Sarlahi	Chhetri	Hindu	carp- penter
10	Uddhav Pariyar	M	40	Mem- ber	Sarlahi	Dalit	Hindu	gar- ment
11	Maiya Alemagar	F	40	Mem- ber	Rame- chap	Magar	Hindu	house- wife

Source: Household survey 2008

Group composition is heterogeneous and has a common goal and objective in this society. It represents all sectors of the association. It was noted that male members are also involved in the group. The decision making in the group is usually done by consensus and sometimes by priority. A member of the *Mahila Ekata Samaj* automatically becomes a member of the *Nepal Basobas Basti Samrakchyan Samaj*.

Activities of the group

The *Mahila Ekata Samaj* is one of the active and well functioning groups in the

Banshighat settlement. This group holds a prominent position in the community. Besides working for betterment of women, this group also works for the welfare of children. The main activities carried out by the group are:

- (a) Formulation of a *Mahila Bachat Karyakram* (Women's Saving Program) encouraging the women to save a part of their income for future. Out of the 105 households in Banshighat, 95 households are participating in this program. The policy of this program is that every household has to deposit Rs 100 per month.
- (b) Initiated a scheme to help the poor and the needy people by gathering donation from every household.
- (c) Formulated a children's committee called *Bal Bikash*, which is a small group of children who are actively participating in the welfare of the settlement.
- (d) Adult education classes particularly to enable women's education, and evening tuition class for children.
- (e) Compulsory provision from every household of a contribution of one *mana* rice and Rs 100 to the household of a deceased person.
- (f) Conduction of various training activities such as knitting and sewing.
- (g) Coordination for health camp.

The analysis of their involvement in such organizations revealed how they have formed and tied up to a social system. It was disclosed that the focal line of reasoning to the promotion of community organizations was the common need and the realization that there is a possibility to solve problems through their collective actions.

5.5 HEALTH SERVICES

Since 2000, health workers from the Environment Health and Development Advisory Group have been visiting the Banshighat settlement every Wednesday for providing medical advice and medicine. It has also provided some basic training to some of the squatters. The *Swasthya Karayakarta Samiti* provides voluntary services. The other modes of getting health services are going to hospitals, doctor's clinics and medical shops. It was found that the residents used more than one mode of health service. Table 5.17 shows the percentage of people attending different types of modes of health

services.

Table 5.17: Availability of health services

Health services from	Percentage	Remarks
Hospital	10.6	Usage of more than one mode recorded
Medical shops	15.8	
Health workers' visit to the settlement from EHDAG and from <i>Swasthya Karyakarta Samiti</i>	71.2	
Doctor's clinic	2.4	

Sample size: 33 households 2008

5.6 ECONOMIC CHARACTERISTICS

5.6.1 ECONOMIC ACTIVITY

The 1952/54 census was the first to collect information about the economically active population of Nepal, and the practice has continued in every census since then. However, the concept and definitions used have changed slightly from one census to another. In the censuses of 1961, 1971 and 1981, economically active persons were defined as those who had worked at a single stretch or at intervals for at least eight months during the year preceding the day of the census enumeration for pay or remuneration in kind. In the 1991 census, economically active persons were defined as those who had worked for any length of time during the twelve months preceding the census date (CBS 2003a).

In the 2001 census, adding the duration of work as a new question refined the questions on economic activity. This improvement was intended to make the census results compatible with the results of previous censuses as well as with revised international standard norms. The definition, concept and questions relating to economic activity were also improved. Economically active persons were defined as those persons, aged ten years and above, who had worked and/ or had actively sought work at a single stretch or at intervals for at least six months during the year preceding the day of the census enumeration. 'Work' included pay, remuneration in cash or in kind, employed or self-employed and extended economic activity. 'Extended economic activity' as defined in the 1993 National System of Accounts concept was included as an addition partly to

better include activities by women that contribute to the overall economic situation of a household. Extended economic activities cover activities such as the production of goods consumed within a household including collection of firewood and fetching of water.

The economic activity ratio is defined as the ratio of the usually active population to the total population (ibid.:74). In Nepal, the population census is the main source of information on the economically active people. In the 2001 census, a total of 9,761,497 persons aged ten years and older were reported to be economically active. Hence the economic activity rate in the country as a whole was 58.21 per cent. The population census 2001 classified the economically active population as employed (Shrestha 2003: 366). Strict comparison of the extent of unemployment in Nepal is constrained by the lack of uniform definition of unemployment. The definition used to measure the extent of unemployment differs from one census to another. The unemployed are generally defined as those who do not have a job but are actively looking for one. The estimates of unemployment rate obtained from recent censuses and surveys are illustrated in Table 5.18. These estimates show that unemployment rate is gradually increasing in the country.

Table 5.18: Comparison of unemployment rate in Nepal

Census/ survey	Total	Unemployment rate*	
		Male	Female
2001 census	8.1	7	9.2
NLFS 1998/99	5.2	4.1	6.3
NLSS 1996	4.9	5.6	4.1

Source: CBS Population Census 2001, Nepal Labour Force Survey, Nepal Living Standard Survey

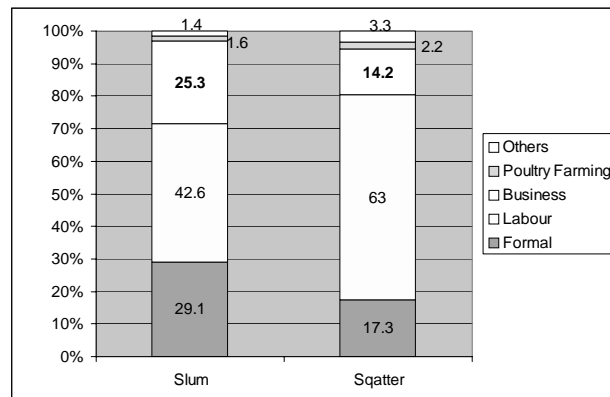
*Number of unemployed persons per 100 economically active persons

The 2001 survey also obtained information about the reasons for being economically inactive. These populations were asked to mention the reasons for remaining inactive. Study has emerged as the primary factor for being economically inactive. The other factor found was household chores as the reason for being inactive.

In the Kathmandu slum and squatter settlements, the unemployment rate is 49 per

cent and 41.9 per cent respectively. This disproportionately high level of unemployment indicates some measures need to be taken to alleviate this problem. In both the slum and squatter settlements, most employed people were seen to working as labourers, followed by small family business operators and formal workers. The high number of labourers in the squatter settlements, 63 per cent, is indicative of the large number of wool spinners and domestic servants in these settlements.

Figure 5.13: Occupation types in slum and squatter communities



5.7 OCCUPATION AND ETHNICITY

In the slum and squatter settlements in the Kathmandu valley, the Dalits are employed largely as labourers, reflecting the community wide trends. Though the percentage of labourers in Dalit and non-Dalit households is relatively even, differences exist in the type of labour work they undertake. Dalit labourers are mostly employed in works considered low status such as sweeping, while non-Dalit labourers generally work in the construction industry as brick carriers, painters or carpenters.

The relatively higher number of people employed in business in slum communities (25.3 per cent compared to 14.2 per cent in the squatter settlements) reflects the high number of slum dwelling Dalits who work as butchers and operate small meat shops. Similarly, the relatively higher number people employed in formal work in the slum communities (29.1 per cent compared to 17.3 per cent in the squatter settlements) reflects the number of slum dwellers who work for public institutions like the

metropolitan corporations. These workers are classified as formal because they receive a monthly income.

5.7.1 OCCUPATIONAL DISTRIBUTION

The Banshighat population possessed various types of occupation, however the percentage of labour (skilled and unskilled) holds the maximum. Table 5.19 shows the percentage distribution of the households with various occupations.

Table 5.19: Occupational distribution in Banshighat

Occupation	per cent
Household activities by women	18.4
Service	14.6
Labour (skilled, unskilled)	37.5
Business	10.3
Student	8.4
Other	10.8
Percent	100

Sample size: 33 households, population 155, 2008

Work in the informal sector was seen as the major basis for livelihood in the settlement. Some of them were also found to be in the formal sector such as working as peons in private organizations. Their main activities included work in the construction industry, service in non governmental organizations, private organizations, door to door selling of vegetables/ fruits, *chat* vending, push carts, rickshaw/ tempo/ minibus operation and household labour.

5.7.2 INCOME-EXPENDITURE SITUATION

Income distribution has worsened in urban areas particularly in the Kathmandu valley. The average monthly household income is higher in slum communities than in the squatter communities. The lower wages earned by squatters could reflect the social attitudes. Some squatters expressed that the general public has a lack of trust in squatters because they do not have a recognized/ permanent address and are living illegally on the land.

Many of the respondents declined to respond towards their income and expenditure details. 9.1 per cent of the households did not respond to this question. The monthly average income and expenditure of the households were found as Rs 9,096 and Rs 6,171 respectively, showing savings of Rs. 2,925 per month. In this context, it is relevant to note that a study reported the monthly average income of a squatter family in Kathmandu as between Rs 7,800 to more than Rs 10,000 (*Kantipur* January 18, 1999). These data show a possibility of making savings every month. During the household survey that was carried out, the findings of the income and expenditure situation is presented in Table 5.20.

Table 5.20: Income- expenditure situation, Banshighat

Income- expenditure situation	per cent
Income greater than expenditure	63.6
Income equal to expenditure	15.2
Income less than expenditure	9.1
No comment	12.1
Per cent	100

Sample size: 33 households 2008

It was found that *Mahila Bachat Karyakram* (supported by Lumanti Support Group for Shelter, a non governmental organization working in the field of alleviation of urban poverty in Nepal through the improvement of shelter conditions) had helped the Banshighat residents in exploring opportunities for income generation by providing loan. Two of the households have kept cows for income generation purpose with loans taken from this program. Other members have also taken benefits from this program.

5.7.3 RENTAL MARKET

The rental market provides an additional source of income to the slum and squatter households. In the slum communities, the percentage of houses where rooms were rented out was double to that in the squatter communities.

Table 5.21: Households renting out rooms in slum and squatter communities

Rental status	Slum communities		Squatter communities	
	Count	per cent	Count	Per cent
Renting out rooms	65	22.1	140	10
Not renting out rooms	229	77.9	1266	90
Total house	294	100	1406	100

Source: Lumanti 2001

The total monthly rent collected from the 65 households renting out rooms in the slum communities was Rs 93,900 (Rs 1,445 per household), while the total from the 140 households in the squatter communities was Rs 143,900 (Rs 1,028 per household). The average amount of money earned from rent was higher in the slum communities. In the case of Banshighat, 9.1 per cent of the houses had renters and average rent per household per month was Rs 980.

5.8 HOUSEHOLD CHARACTERISTICS

A house is defined as a building that serves as living quarters for one or a few families. A house is not only meant for physical protection of the body but for social and economic development of the human being as well. Adequate shelter means reasonable privacy, sufficient space for different activities, security, adequate lighting, ventilation and requisite infrastructure. Required access to employment and basic services should be available at a price affordable to the user (Gupta, Vol. I: 1995). Housing is one of the basic needs of human life after food and clothing. In Nepal, local environment and availability of construction materials influence the type of house and housing condition. Consequently different types of houses in different ecological zones and development regions are found. The term housing means the household or family accommodation in dwelling units, its structure type and facilities such as electricity, drinking water, cooking fuel, access to sanitary facility, source of drinking water, average household size and head of household (CBS 2003c: Vol. I: 173).

Figure 5.14: Housing in Kathmandu and rural Nepal (2008)



Concept

In Nepal, data on household structure and characteristics were made available only since the 1952/54 census. House type and ownership data were stated from the 1991 census. In the 2001 census, information on household characteristics such as drinking water, electricity, toilet, cooking fuel and lighting fuel were assembled. According to the concept and definition used in the census in Nepal, a house refers to a structure where the household is using it as a shelter, and which is closed or surrounded by walls or curtains made of any type of materials such as mud, wood planks, bricks, stone or concrete. A house may contain any number of rooms but it must have an independent way to get inside. A house may contain more than one household.

In the population census, houses are divided into four categories on the basis of types of construction materials used in walls and roof. These categories are: *pakki* (permanent), *ardha-pakki* (semi-permanent), *kachchi* (temporary) and others. *Pakki* house refers to that with both walls and roof made of permanent construction material such as cement, bonded brick, concrete, stone, slate, tile or galvanized sheet. *Ardha-pakki* house belongs to the category where either the walls or the roof is constructed with permanent materials and the other is constructed with temporary materials. In *kachchi* house, non-durable materials like wood flakes, bamboo, straw/ thatch, mud and unbaked bricks are mainly used in both walls and roof. Other category of house includes a very temporary type of residential unit that is made of non-durable materials. This 'other' type of housing unit is generally made of plastic sheet, bamboo or straw/ thatch. For example, a hut or a tent is included in this category of house.

Table 5.22: Household percentage by housing types urban/ rural residences in Nepal

Type of house	Nepal		Urban	Rural
	1991	2001	2001	2001
<i>Pakki</i>	23.5	36.6	68.2	30.6
<i>Ardha-pakki</i>	24.8	29.2	16.1	31.7
<i>Kachchi</i>	49.7	33.5	15.2	36.9
Others	2	0.7	0.4	0.8
Percent	100	100	100	100
Number	3,328,721	4,174,374	664,507	3,509,867

Source: CBS 2002b National Report Volume I

Table 5.23: Distribution of house, household and average household per house, 2001

Area	House	Household	Average household per house
Nepal	3,598,212	4,174,374	1.16
Urban	436,533	664,507	1.52
Rural	3,161,679	3,509,867	1.11

Source: CBS 2003b Special Tabulation: National Population Census 2001

The data given in Tables 5.22 and 5.23 revealed that there is on average of 1.16 households in a house in Nepal. It is seen that a higher percentage (36.6 per cent) of households in Nepal are living in a permanent type of house in 2001. The percentage of household living in permanent and semi-permanent house type has increased during 1991-2001 period.

5.8.1 HOUSEHOLD

Household refers to a single person living alone or a group of persons, who may or may not be related, living in a particular unit and sharing meals with common resources. In this way, resident domestic help if any, is also included as a member of the household. As a result members of a household are not necessarily related by blood or marriage or adopted as in the case of a family member. This definition of a household has been used in population censuses since 1952/54.

Table 5.24: Percentage of households by the nature of house occupied

Type of ownership	Nepal		Urban	Rural
	1991	2001	2001	2001
Owned	92.6	88.3	60.9	93.4
Rented	4.7	8.9	34.8	4
Rent-free	1.6	0.2	0.5	0.2
Institutional	0.5	2.4	3.7	2.2
Others	0.1	0.2	0.3	0.2
Not stated	0.5	-	-	-
Total Percent	100	100	100	100
Number	3,328,721	4,174,374	664,507	3,509,867

Source: Kayastha and Shrestha 2003

It was found that the percentage of households having own house has declined compared to 1991, whereas there is an increment in the percentage of household living in rented house during the inter-census period. The size of urban population in Nepal has increased to 15 per cent of the total population in 2004 (CBS 2005a) from 6.9 per cent in 1994. Due to this reason, it was found that an increasing percentage of households are living in rented house in urban areas. In the Kathmandu valley, 27.7 per cent of the population lived in rented households in 2005 (Lumanti 2005).

5.8.2 AVERAGE HOUSEHOLD SIZE

The Nepali society is composed of multi-ethnic groups. Many cultural and social practices are found in the country. As a result, household composition is also found to be influenced by these practices. For example, Tharu people and the Newar ethnic group tend to live in a large family structure (Kansakar 1995). It is observed that rural agricultural families prefer to live in large households. However people engaged in other economic activities other than agriculture prefer to live in comparatively smaller households. Correspondingly, the occupational structure in urban areas is different from that of rural areas and the proportion of population engaged in agriculture is less in urban areas. Nuclear family is getting to be of more in evidence in the urban areas of the country. Data obtained from population censuses show declining trends of household size in the last three censuses.

Table 5.25: Average household size and its annual growth

Census Year	Household	Population	Annual household size	Annual growth of household	Annual growth of population
1952/54	1,524,511	8,256,625	5.4	-	-
1961	1,783,975	9,412,996	5.3	1.57	1.31
1971	2,084,062	11,524,250	5.5	1.55	2.02
1981	2,585,154	15,022,839	5.8	2.15	2.65
1991	3,328,721	18,491,097	5.6	2.53	2.08
2001	4,174,374	23,151,423	5.4	2.45	2.25

Source: Population censuses Nepal

Table 5.26: Percentage distribution of households by size, 1961-2001

Household size	Percentage of household				
	1961	1971	1981	1991	2001
Nepal (per cent)	100	100	100	100	100
Number	1,783,975	2,084,062	2,585,154	3,328,721	4,174,374
1 person	4.68	3.94	3.86	4.04	4.01
2 persons	9.93	8.46	7.15	7.69	7.52
3 persons	14.07	12.35	10.57	10.88	10.85
4 persons	16.54	15.63	14.23	15.19	16.64
5 persons	15.82	16.02	15.83	17.07	18.18
6 persons	12.82	13.73	14.51	15.07	15.12
7 persons	9	10.19	11.18	11.48	11.36
8 persons	5.91	6.83	7.66	6.77	5.87
> 9 persons	11.24	12.85	15	11.82	10.46

Source: Population censuses Nepal

Table 5.27 indicated that there was a higher percentage of households composed of five persons in Nepal in population censuses except in 1961. Similarly, households consisting of nine persons and above was observed more in 1981 census and it started to decline in subsequent censuses.

Table 5.27: Percentage distribution of household by size for urban-rural, 1981-2001

Household Size	Percentage of household in urban areas			Percentage of household in rural areas		
	1981	1991	2001	1981	1991	2001
Total (per cent)	100	100	100	100	100	100
Number	153,528	313,342	664,507	2,431,626	3,015,379	3,509,867
1 person	5.54	6.02	6.46	3.75	3.83	3.55
2 persons	7.22	9.05	10.02	7.15	7.55	7.05
3 persons	9.28	11.65	13.83	10.66	10.8	10.29
4 persons	12.48	16.07	20	14.34	15.1	16
5 persons	14.53	17.08	17.88	15.91	17.07	18.23
6 persons	13.53	13.49	12.27	14.57	15.23	15.65
7 persons	10.77	9.58	8.09	11.21	11.68	11.98
8 persons	7.57	5.43	3.87	7.67	6.91	6.24
9 persons & more	19.06	11.64	7.59	14.75	11.84	11.01

Source: Population censuses Nepal

Table 5.28 shows that the percentage of single person household in urban areas is increasing in each successive population census. Conversely, households having large number of members are decreasing at a faster rate in urban areas such as percentage of seven persons household, eight persons households and households having nine persons and more have declined in 2001 compared to that of 1991. In 2001, households having four persons are observed to have the highest percentage, whereas households having five persons were found with higher percentage in 1981 and 1991 respectively. In the case of Banshighat, the average household size was 5.83.

5.8.3 HOUSEHOLD HEAD

Head of household is the member of household who is managing household activities and takes the decisions as well as responsibility in all household related matters. According to census definition, a household member can not be the head whose age is below ten years. However, the head can be either male or female. Head of household has a high respect in Nepali society. Generally, the eldest male member of the household is regarded as head. But being a male dominated society, most households reportedly have a male member of the household, regardless of age, as the head.

Table 5.28: Percentage distribution of household head by age groups and sex, 1991-2001

Age group	1991			2001		
				Total	Male	Female
Nepal	100	100	100	100	100	100
10-14 yrs.	1.08	1.08	1.07	0.04	0.04	0.06
15-19 yrs.				1.11	1.04	1.52
20-29 yrs.	15.07	15.41	12.83	14.34	13.83	17.27
30-39 yrs.	25.63	26.31	21.14	25.63	25.78	24.73
40-49 yrs.	23.82	23.97	22.79	23.79	24.43	20.17
50-59 yrs.	17.98	17.75	19.48	17.77	18.15	15.6
60-69 yrs.	11.45	10.85	15.4	11.4	11.07	13.23
70+ yrs.	4.98	4.64	7.28	5.91	5.65	7.41

Source: CBS 2002a: General Characteristics Tables

The census data revealed that there was a higher percentage of male household heads than female in both 1991 and 2001. A small difference is seen in the age distribution of household head during these two population censuses. It was found that there was an increment in the percentage of female household head of age below forty years in 2001 as compared to the previous census. On the other hand, the percentage of male household head in the age groups below thirty years had decreased in 2001 compared to that of 1991. In both the censuses, the percentage of female household head had increased in the age groups above sixty years.

5.9 HOUSING AND LIVING ENVIRONMENT

Access to water

Access to water refers to the source from which households draw water for drinking and cooking food for household members. Water source may differ from place to place and by seasons. Water source may or may not be in their own premise and it may be private or public. The various sources of drinking water as reported in the Census 2001 are piped, well, tube well, spout and river/ stream. Overall, 53.4 per cent household in Nepal is served by piped water. The second common source of drinking water is tube-well/ borehole at 28.6 per cent. It is followed by well at 9.1 per cent and spout water at 6.5 per cent. It was found that 1.5 per cent households draw water from river/ stream and 0.9 per cent draw water from other sources.

Figure 5.15: Percentage distribution of households by source of drinking water in Nepal

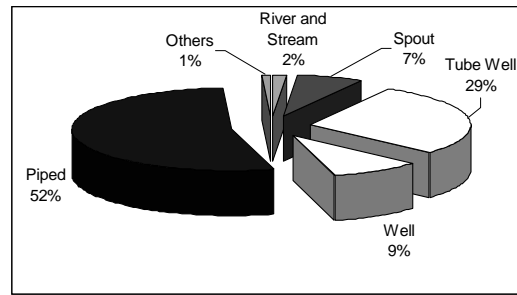


Table 5.29: Access to water in slum and squatter communities in Kathmandu valley

Access to water	Slum communities		Squatter communities	
	Count	Percent	Count	Percent
Public	143	48.6	1156	82.2
Private	124	42.2	160	11.4
Neighbour	27	9.2	88	6.3
Others	0	0	2	0.1
Total houses	294	100	1406	100

Access to safe and regular supply of water is a problem for most people in the Kathmandu valley, and not just for those in slum and squatter communities. Although eighty-seven percent of the population is said to be served by the Nepal Water and Sanitation Corporation, the only institutional piped water supplier, its insufficient supply of water is such that a 1997 consumer survey found sixty-seven per cent of consumers recorded an inadequate supply of water and fifteen percent received no water at all from their taps. As a result, alternative supplies of water have been sought such as ground water (using technologies such as tube wells and dug wells fitted with rower pumps), traditional/ public stone spouts (particularly common in Patan), commercial tankers and informal water sources such as rivers, rainwater and illegal connections. In the slum and squatter communities of the Kathmandu valley, most of the water supply is from wells.

Table 5.30: Water sources in slum and squatter communities

Water sources And technology	Slum communities		Squatter communities	
	Count	Per cent	Count	Per cent
Well	160	54.4	719	51.1
Hand pump	23	7.8	562	40
Stone tap	80	27.3	56	4
Tap	31	10.5	69	4.9
Total houses	294	100	1406	100

Source: Lumanti 2001

Access to services considered essential and basic such as water is often restricted in poor urban communities because authorities cannot afford to upgrade, maintain or install necessary facilities or because the settlements are deemed illegal as in the case with squatter communities. This causes the people to use sub-standard facilities, illegal means or go outside their community in search of places to access basic services. This often results in the quality of supply being compromised.

In the slum communities, the relatively high use of public stone taps reflects the accessibility of this water source, located close to several of the slum communities in Patan. These stone taps are seen to be largely used for washing clothes and bathing. Wells and hand pumps are also common. In the squatter communities, private water sources account for less than five per cent of the total water supply. This could reflect the Nepal Water and Sanitation Corporation's policy of not installing facilities and connections in illegal settlements. Though this is the official policy, a few cases have been found where connections have been installed in the squatter settlements, provided the appropriate charges were paid and the application was supported by the ward office or an intermediary.

The quality of water also varies from community to community and even within communities, depending on the source. Water for drinking is generally identified and kept only for this purpose, while inferior quality water is used for washing and bathing. Despite the fact that the importance of boiling, filtering or chlorinating water for drinking was acknowledged, this often did not occur in practice. During the interviews, ninety per cent of people in the slum communities said they drank pumped water without any

treatment. Accessibility of water is another concern. With many people using common public water sources and sharing facilities, this had an impact on the time taken to collect the water and the availability of water. In most communities, water was only available for only a few hours a day. In the dry season of March, April and May, water supply becomes an even bigger problem.

Water supply in Banshighat

Figure 5.16: Community well in Banshighat, Kathmandu (2008)



Table 5.31: Source of water supply in Banshighat

Water source	Household percentage
Community tap	18.4
Tube well	22.6
Well	59

Sample size: 33 households 2008

Fuel used for cooking

Firewood, kerosene, liquefied petroleum gas and cow dung are the various sources of fuel used for cooking in Nepal. Some other sources of fuel are leaves, straw and thatch. Among these, firewood, cow dung, leaves, straw and thatch are considered as solid fuel. Wood is the major source of cooking fuel in Nepal. Approximately two-thirds of the households in Nepal depend on firewood for cooking purpose. The second common source of cooking fuel is kerosene, which serves 13.7 per cent households followed by cow dung 10.1 percent. Only 7.7 per cent households use liquefied

petroleum gas (LPG). Overall, 77 per cent of households in Nepal depend on solid fuels (Kayastha and Shrestha 2003).

Table 5.32: Distribution of households by various sources of fuel used for cooking

Area	Wood	Kerosene	LPG	Bio gas	Cow dung	Others	Percent	Total Households
Nepal	66.2	13.7	7.7	1.7	10.1	0.7	100	4,174,458
Urban	33.2	34.1	27.3	1.8	2.5	1	100	664,400
Rural	72.4	9.8	4	1.7	11.5	0.6	100	3,510,058

Source: CBS 2002c

Fuel used for lighting

It refers to the main source of lighting fuels used by the households for illumination. The common sources of lighting fuel are kerosene, electricity and biogas. It is noted that in many areas of the country, especially in the rural areas, electricity service has not been provided. Kerosene is the major source of lighting fuel in Nepal. Approximately fifty-eight percent households depend on kerosene for lighting purpose. The second common source of lighting is electricity, which serves 39.8 per cent households. A small proportion of the household, 2.5 per cent depends on other sources of lighting such as biogas, wood and candle light. Distribution of the sources of fuel used for lighting purpose is not homogeneous across the country. In urban areas, significantly large proportion of the households, 83.4 per cent are using electricity as the main source of lighting, whereas the corresponding figure for rural areas is 31.5 per cent.

Table 5.33: Distribution of households by various sources of fuel used for lighting

Area	Main source of fuel used for lighting				Total per cent	Total household
	Electrical	Kerosene	Bio-gas	Others		
Nepal	39.8	57.7	0.2	2.3	100	4,174,457
Urban	83.4	16.2	0.2	0.2	100	664,507
Rural	31.5	65.6	0.2	2.7	100	3,509,950

Source: CBS 2002d

Although access to many facilities and services such as transport, safe water and effective solid waste management is generally available in urban communities, it is seen that access to electricity is common to some degree. Although this reflects the Population

Census Survey 2001 data in which 83.4 per cent urban households in Nepal recorded access to electric lighting, some of the access in the slum and squatter communities is illegal. During the interviews, most people reported electricity in their houses; however, almost half of them said they had no meter and accessed electricity by a line brought from their neighbour's supply or directly connected to an electric pole.

Electricity in Banshighat

There were two means to access electricity. One is a legal connection, and other one taken from a neighbour's house or directly from the main line. There were 32.4 per cent of the households (34 out of 105) having private legal connection.

Figure 5.17: Connection of electricity in Banshighat, Kathmandu (2008)



Toilet facility

If a household possesses its own toilets that could be within the house or boundary of the house, then such a household is considered as a household having toilet facilities. If a household does not have its own toilet and its members either use public toilets or open places, then such a household is considered as a household having no toilet facilities. The census data 2001 showed that overall 46.8 per cent household in Nepal had toilet facilities in 2001. Households in urban areas are nearly two times more likely to have sanitary facility than households in rural areas, 78.1 per cent and 40.8 per cent respectively.

Table 5.34: Distribution of households by toilet facility in Nepal

Area	Households having toilet facility		(percent) total	Total households
	Yes	No		
Nepal	46.8	53.2	100	4,174,457
Urban	78.1	21.9	100	664,507
Rural	40.8	59.2	100	3,509,950

Source: CBS 2002a

The sanitation situation was found to be different in the slum and squatter communities in Kathmandu valley. In the slums, almost all the houses had a private toilet facility, while just 55.8 per cent of houses in the squatter settlements had a toilet. This is assumed to reflect the relatively more permanent nature of the slum houses.

Table 5.35: Toilet facilities in slum and squatter communities

Toilet facilities	Slum communities		Squatter communities	
	Count	per cent	Count	Per cent
Own	285	96.9	785	55.8
Common	6	2	256	18.2
Open place	2	0.7	344	24.5
Neighbour/Others	1	0.4	21	1.5
Total houses	294	100	1406	100

It was found that households in Banshighat without toilets used pit latrines and public toilets, both in very poor condition. Only 13 per cent (14 out of 105) of the households had a private toilet. The situation is not satisfactory. People living in the rest of the houses use pit latrines by riverbed as a toilet or a neighbour's toilet. The *Tole Sudhar Samiti* has initiated a plan for the construction of a proper functioning public toilet in the settlement.

Figure 5.18: Condition of toilet, solid waste management and drain in Banshighat, Kathmandu (2008)



Three drains of Kathmandu pass through the settlement on the way to the river. They are in a dilapidated condition. Sewage is let into these drains from house which have private toilets.

5.9.1 SHELTER AND SETTLEMENT CONDITIONS

It is perceived that people considered poor or low-caste in Nepal have been pushed to the periphery of society since centuries. Subsequently, current conditions in slum and squatter settlements tend to reflect this marginalization of the poor urban communities from the mainstream growth process. With the advent of rapid urbanization, however, attention is slowly coming to focus on the urban poor. It has been realized that these communities can no longer be pushed to the boundaries of the cities, close enough to be exploited for the goods and services they provide, but far way enough that their poverty and sub-human living conditions can be ignored. These people, like all others, have the right to demand assistance to lessen their deprived living conditions.

Compared to most other sections of urban society in Nepal, the housing condition in the slum and squatter communities is very inadequate. Overcrowding is common due to large families and small housing units. In addition, the quality of life within these houses is also poor. Lighting, ventilation and space are limited and most houses lack basic facilities such as access to water and private toilets. Limited space in many poor urban houses has serious ramifications for the personal development of the inhabitants.

For example, lack of space has been identified as a major hindrance to the academic development of children. After a day at school, many children come home to cramped conditions, with little privacy or lighting. This environment, coupled with parental illiteracy, is not conducive to study.

Figure 5.19: A typical interior of a housing unit in Banshighat, Kathmandu (2006)



The condition of land in the slum communities in Kathmandu valley tends to be better than in the squatter settlements where communities have developed on what was vacant and public land. This land was found to be often on sloping ground or riverbanks where facilities have not been extended and formal drainage was inadequate or non-existent. Such land is also prone to natural disasters such as seasonal landslides and flooding.

Case of Banshighat

Figure 5.20: Housing condition in Banshighat (2008)



It was found that the time gap between occupying land and building houses of permanent nature was linked with no the objection on the land that they occupied and the saving of their income. It was also revealed that if land ownership certificates were given to the residents, they would have improved and expanded their houses. However in this context, it may be stated that handing the land ownership certificate to them will not be the permanent solution.

As the area lies on the river flood plain, raising the plinth level of the houses has been necessary to prevent them from flooding. This was done gradually in several stages as when it was felt necessary. Raising of the plinth level up to four feet has been reported. Findings also indicated that 6.25 per cent of the houses had a mixed type of use of residential and commercial activities and the rest had residential use only. The housing can be characterized as semi-permanent. Generally recycled brick, wood used for packing and tin materials are used. Buildings are constructed in a row. 43.7 per cent of the houses are of a temporary nature, 31.3 per cent of a semi permanent nature and 25 percent of a permanent nature.

Average area of the houses in Banshighat was found to be 238.5 square feet. People have kept some open space; and from the other aspect, this could be seen as their inability to build the additional required number of rooms. On the average, there are 2.64 rooms per house and the average family size is 5.83. The majority of houses are single storied, but additions of upper floors have also started. It can also be said that the low ground coverage of land at present, which does not match the family size, is one of the indications that they have kept the option open for expansion in the future. However, this is dependent on their status on land and economic situation, as the respondents emphasized.

5.9.2 BUILDING MATERIALS

Bricks are the most commonly used materials for construction in the slum and squatter communities in Kathmandu valley, reflecting the national construction trends.

However in some squatter communities, the use of traditional bamboo and mud mix construction dominates.

Table 5.36: Wall building materials in slum and squatter communities (2008)

Wall building materials	Slum communities		Squatter communities	
	Count	per cent	Count	per cent
Bricks	292	99.4	1144	81.4
Plastic	0	0	3	0.2
Bamboo	1	0.3	168	11.9
Wood	1	0.3	71	5
Others	0	0	20	1.4
Total houses	294	100	1406	100

It was found that the high reliance on bricks as the primary building material is indicative of the traditional building methods in the country: 81.4 per cent in squatter communities and most houses in slum communities. Though both slum and squatter communities build their houses from bricks, it was found that there is a difference in the quality of bricks used. The squatters tend to use used bricks that are less expensive and inferior in quality.

Table 5.37: Roof building materials in slum and squatter communities (2008)

Roof building Materials	Slum communities		Squatter communities	
	Count	Per cent	Count	Per cent
Cement	98	40.5	14	1
Corrugated sheet	136	56.2	1271	91.4
Tile	8	3.3	18	1.3
Plastic	0	0	77	5.5
Thatch	0	0	10	0.8
Total houses	242	100	1390	100

The great use of corrugated sheets in squatter communities could reflect the affordability of the material as well as accessibility and permanency of it. Its use and the use of cement for roofs in slum communities indicate a move away from the traditional building roof tiles. Table 5.39 shows the existing situation of the materials used in Banshighat.

Table 5.38: Building materials used in Banshighat

Building element	Material	Per cent
Floor	cement plaster	27.4
	mud plaster	72.6
Interior wall	timber partition	90.4
	brick and mud masonry	9.6
Exterior wall	brick and mud masonry	45.2
	Recycled timber	54.8
Roof	corrugated galvanized iron sheet	46.2
	plastic sheet, cement bags, scrap metal	53.8

Sample size: 33 households 2008

Figure 5.21: Typical use of building materials in Banshighat (2008)



It was revealed that due to the constant threat of eviction, very little had been done for physical facilities improvement. The respondents said that they had visited the ward office several times to question about the safety of investing on the improvement of their environment, but they received no confirmed reply. It was found that only 11.4 per cent of the households had done improvement on their houses.

5.10 INSIGHT TOWARDS RESETTLEMENT AND REHABILITATION

The apprehensions of the Banshighat squatters towards resettlement have been examined. It was revealed that that they were willing to pay for a resettlement plan in installments. The example of the Paliphal resettlement program was often cited. This reveals that there is a strong impetus among the subject matter that given formal assistance, they are and would be in position to lessen the problem.

Risk to the settlement

Flooding and slope erosion are major environmental problems in a majority of the squatter settlements in Kathmandu located by riversides. In Banshighat, as well, floods during the monsoon season is a major threat every year. The respondents also stated that the proposed United Nations park could be a threat that could lead to their eviction. In this context, it was found that Nepal has no laws or constitutional provisions regarding eviction, and there is no resettlement policy (ACHR 2003: 24-25). It becomes evident the government is not giving adequate response to this ever increasing phenomenon. This is a visible indicator of poverty in Kathmandu. It was found that given some institutional assistance to them, they would be capable to improve their life. The role of the government and municipality in addressing the issues of urban poor settlements, particularly adequate housing, is questioned.

Housing problem is to be examined in terms of social, economic, political and physical framework of the housing system. The significance for housing of the social framework lies in the choice of policy objectives, and in the links between housing and social policy. The economic factors exercise an all-pervasive influence on the housing system and government's views and observations.

Table 5.39: Settlers' view on government

Government's role	per cent
Positive	12.1
Negative	87.9
Percent	100

Sample size: 33 households 2008

5.10.1 SQUATTERS' PERCEPTION OVER SQUATTER SETTLEMENTS

Respondents were not in favour of forced eviction of the squatter settlement. To all intents and purposes, their need to squat can be stated in the following way as remarked by them when they were asked to express their problems: (a) There are settlements like Banshighat all over Nepal and in Kathmandu. We do not understand why we are the target? (b) Many people here do not have citizenship papers; this has been causing a lot of problems. (c) Flood occurs every year during the monsoon. We have gone to the ward office several times to tell them about this, but nothing happens. (d) We like this place (Banshighat). Our work places are not very far from here.

They were also of the view that such settlements should not be encouraged but should be controlled, subject to the precondition that the government looks into such problems seriously and basically addresses the housing needs of the low income people.

Some suggestions made by the respondents were:

- their society be given formal recognition by the government
- an institutional mechanism for identification of genuine squatters
- provision of citizenship paper to those who do not possess it
- an early decision on the proposed United Nations park
- form a joint committee of their representatives and government

The people of Banshighat have observed instances of attempts made for their resettlement and even eviction, but they have resisted such attempts so far. No respondent agreed for voluntary displacement when the question 'would you agree to leave Banshighat and relocate to another place on your own if any development project displaces you?' was made. It was clearly revealed by them that now it was almost impossible for them to just go away from there to a new unknown place because of reasons cited as: (a) social relationships have been established among them- marriages have taken place, committees for their welfare have been formed and they is now in place a social system (b) significant part of their income has been invested on the improvement of their housing (c) location is highly appropriate for activities related to their

employment and (d) they have been receiving water supply and electricity services and paying for them as well.

Case of Damber Bahadur Bamjan

Dambar Bahadur Bamjan settled in Kathmandu from Goddhumbetini, Sindhuli in 1989. Including himself, he has ten family members but only four of them are living in Banshighat. The four members are himself, his wife, daughter and one granddaughter. The remaining members, i.e. one son, one daughter, one daughter in law and three grandchildren are living in rented rooms in another part of Kathmandu. He is the president of *Abyabasthit Basobas Samaj*, a national level society that looks into the welfare of urban squatters.

His son was an employee of the All Nepal Football Association located in Tripureshwar, Kathmandu, but now plays for Friends' Club, one of the football clubs of Kathmandu. His daughter helps the household manage the shop he is running in a ground floor room of his house. The family members get together in Banshighat during the time of festivals of Dashain, Tihar and Lohsar. Damber Bahadur Bamjan and family lives in a one storied house in 1100 sq.ft. of land. The house of 180 sq.ft. has two rooms.

Case of Bina Bajracharya

Bina Bajracharya's family settled down in Kathmandu from Sankhu in 1993. She has a husband and son living in Banshighat. Her husband is working as a driver in Prakash Transport, a private transport company. Her son is studying in Gyanodeep School. They have one room, the size being 10 ft. by 14 ft. with a small parcel of land.

She is educated till class eight and is now involved in promoting the welfare of the Banshighat society as social worker. She is the president of *Mahila Ekta Samaj* (Women Solidarity Society) of the Banshighat unit. She has also benefited from trainings such as sewing and knitting. She uses this skill to train the other women of Banshighat for getting a better opportunity in employment. She also works as a mediator for the society in the ordering of school dress for children and for the ladies in the festive

seasons.

Case of Chandra Bahadur Shrestha

In search of better opportunity and a hope for a better life, Chandra Bahadur Shrestha settled in Kathmandu from Ghyapesal Village Development Committee, Gorkha in 1991. After coming to the valley, he was amazed to see the life in the city. There were different professionals rendering different services but he had no skill besides being able to do manual work. In due course of time, he learned that with a small mobile shop (*nanglo*), he could ease some of the burdens of his life. For the livelihood of his family, this shop has helped a lot. The shop is located in Sundhara area. There is a change in routine for taking care of the shop. Both husband and wife work in a rotational basis.

With the savings he has made in the last fourteen years, the family has been successful in the construction of a small two-storied house in Banshighat with one room in each floor. It has cost them Rs 65,000 (US\$ 1032). He has two children- one son and one daughter. Both of them are studying in the close by Vishwaniketan School. The son is in class 8 and the daughter is in class 9. Chandra is willing to continue educating his children as long as his income sustains and the desire for education in his children continues.

It can be concluded that Banshighat squatter settlement is a result of a lack of institutional policies to address the issues of housing the urban poor in Kathmandu. It becomes evident the government is not giving adequate response to this ever increasing phenomenon. This is a visible indicator of poverty in Kathmandu. Because of the constant fear of eviction and lack of secure tenure, the settlers are not willing to improve their housing condition. The case has revealed that there is strong impetus among the subject matter that given formal assistance, they are and would be in a position to lessen the problem. They have revealed that formal assistance was necessary because they are not able to access institutional housing finance on their own because of the need of the conventional collateral which they do not have. It was found that given some institutional assistance to them, they would be capable to improve their life.

Because there is often no security of tenure in squatter settlements and the fear of imminent eviction exists, the settlers do not invest in improving either their house or their settlement. The same may be said in the context of the case in Banshighat. The condition is a common dream of the urban poor. The role of the government and other institutions in addressing the issues of housing the urban poor in Nepal is highlighted.

5.11 CASE OF BARA NANI, BRAHMA TOLE, WARD NO. 12, KATHMANDU

The Kathmandu valley, which was designated as Nepal valley in the ancient times, has over the past two thousand years harboured the dominating power of the central part of the Himalayas (Korn 1976). Kathmandu is the largest city in the country and since long has been preserving a unique place regarding socio-economic and geo-political issues in Nepal. A large number of sacred buildings, temples, pagodas, stupas, shikharas, monasteries, *math* and *chaityas* are to be found in Kathmandu. According to Morgan (1998), the sacred architecture of the valley ranks among the world's finest cultural development. Despite its rich art and architecture, the economic well being of the city populace in its entirety is far from satisfactory. Increasing migration to the city from rural as well as urban centres has put severe pressure to the economy, employment situation and the overall environment of the capital.

Figure 5.22: Pashupatinath temple and Boudhanath stupa in Kathmandu



The case is similar with ward number 12 of Kathmandu. This ward contains more religious edifices than any other ward in Kathmandu. Out of the sixty edifices found within this ward, fifteen are classified as heritage sites (KMC 2005). In addition to the religious edifices, there are other pilgrim shelters, rest houses and sacred sites located within the ward. The *jatras* (festivals) celebrated in this ward are Risheshwar mela, (Rishi panchami) in Bhadra (August- September), Festival of cleaning of the *Japa: Tu* well once in twelve years, Pachali Bhairav festival in Ashwin (September- October) and Panchanali festival in Bhadra (August- September).

According to legend, *the Japa: Tu* well was constructed using tantrik principles and methods. This well is related with the legend of tantric Jamana Guvaju who is said to

have used it to go to Swyambhu. Once in every twelve years, a Jatra is organized during which the cleaning of the well is carried out. This activity is reserved for a special group of farmers who are responsible for cleaning the well. A Bajracharya priest performs the rituals during the *jatra*. The cleaning process involves replacement of the four *kalashes* at the bottom of the well. Special pots and ropes are used for taking out the water from the well. The water taken out for the first time is used for bathing of the person taking out the water. The second batch of water is given to the priest to perform the rituals. The third batch of water is sent to the king and the fourth batch is given to the general public as holy water (*jal*). It is in record that the first Rana prime minister Jung Bahadur was made to jump in this well, but he survived.

Figure 5.23: Religious edifices in ward number 12, Kathmandu (2008)



Table 5.40: Heritage sites within ward no. 12, Kathmandu

	Name	Area (sq.m)
1	Teku Dobhan	5,400
2.	Japa-Tu (Twelve-year well)	50
3.	Layku Chowk	288
4.	Tukan Baha Chaitya	216
5.	Pachali Bhairav	440
6.	Risheswar temple	300
7.	Buddhabari Buddha Temple	1064
8.	Tindewal/ Bom Bikateswar	4800
9.	Jagannath temple	1800
10.	Wande Narayan	440
11.	Hyumat Narayan	432
12.	Ranchandra Temple	-
13.	Hyumat Bhagawati Temple	-
14.	Martyr Shukra tree	-
15.	Temple pilgrimage	-

Source: Kathmandu Metropolitan City 2005

Table 5.41: Pilgrim shelters, rest houses and sacred sites in ward number 12, Kathmandu

Type	No.	Condition		
		Good	Fair	Poor
Stone water spout	3	-	2	1
Public tap	8	6	2	-
Well	15	6	5	4
Pilgrim shelter	4	2	-	2
Rest house	5	3	1	1
Temple	14	6	6	2
Chaitya/ stupa	2	-	2	-
Bahal*	28	-	2	26
Ghat/ cemetery	5	-	-	5

Source: ibid.

*Note: A *bahal* is a traditional urban form in the character of courtyard type housing.

Bahals are further subdivided into a) *bahil*: a *bahal* used for instructional courses on Buddhism for *bhikchus*
b) *bihar*: similar to (a) but with residential facilities for *bhikchus* c) *nani*: a *bahal* for residential purposes for those other than *bhikchus*. A Buddha shrine and at least one *chaitya* within the courtyard is required . There are altogether 88 *bahals* in Kathmandu, 22 of them being within this ward.

In spite of the immense historical importance of this ward in Kathmandu, ward number 12 was ranked sixth out of the thirty five wards in Kathmandu in the level of household income by wards in a survey (Lumanti 2005). In this ward, 18.9 per cent of the inhabitants were below the poverty line, third from the highest. Ward number 32 contained 19 per cent of the inhabitants below the poverty line and ward number 23 contained 24.4 per cent of the inhabitants below the poverty line. In the ward wise income survey, ward number 12 was ranked the fourth lowest (Appendix 13).

Ward number 12 is situated in the centre Kathmandu municipality at the confluence of Bishnumati river in the west and Bagmati river in the south. The north periphery contains wards 20 and 21, the east periphery wards 11 and 21, the south Bagmati river and Lalitpur district, and the west periphery Bishnumati river and wards 13 and 14. There are two main types of settlement within this ward: one is the old settlement towards the north and the other is the new settlement towards the south divided by the Kalimati Teku road.

Figure 5.24: Housing condition in ward number 12, Kathmandu (2008)



Courtyard system of planning is the general norm in this ward. From the street the settlement seems to be very compact as the width of the road is narrow. However the courtyard planning system allows for an open space to be shared by a number of

households. Such spaces serve the people as a venue for recreation, community gathering and maintaining the cultural identity. These spaces are used for feasts and festivals. They are usually interconnected by an opening in the ground floor used as an access route. The hierarchy of open spaces (like *chowks* and interconnected courtyards) reflects the nature of social and cultural activities.

The total area of the ward covers 51 hectares. The total population of the ward in 2001 was 14,645 with 3,125 households resulting in a density of 287 persons per hectare. Total male population was 7,454 and the female population was 7,191. The majority of households are of a joint family type and the average family size is five. The majority of the inhabitants are from the Newar community (84 per cent). Out of total population, it was found that 68 per cent was economically inactive; in all probability because of the traditional role women followed as housewives, and due to the lower level of education among females.

Figure 5.25: Map of ward number 12, Kathmandu



There are all together two primary, lower secondary and secondary schools each in the ward. With regard to health facilities, there is one government hospital, one polyclinic and one health centre. The description of the houses in the ward is shown in Table 5.43. Of the total road network within the ward, 3.97 km. is blacktopped, 0.25 km. is of gravel, 0.85 km. is of brick soling and 0.98 km. is plain. The employment facilities contained within the ward are 8 in the production sector, 5 in the tourism sector and 5 in the services sector. There are two play grounds, one park and two police beats.

Table 5.42: Description of houses in ward number 12, Kathmandu

Building structure	Percent	Condition (per cent)		
		good	Fair	Poor
Clay mortar	30	50	30	20
Clay mortar and plaster	25	50	25	25
Cement mortar	20	60	30	10
RCC frame	25	80	15	5

Household survey 2008

Interviews with the ward secretary, Pramod Joshi revealed that the ward received Rs 500,000 and Rs 900,000 during the fiscal years 2062/63 and 2063/64 BS (2007 and 2008) respectively which met about thirty per cent of the needs only. The major expenditure made was for drains, water supply, boring for water and street paving. The various social programs carried out by the ward were waste disposal by tractors, dispensation of allowance for widows who were more than sixty years of age of Rs. 60 per month, allowance for the helpless (*asahya*) of Rs. 100 per month, and old age allowance for people more than seventy five years of age of Rs. 150 per month. The secretary revealed that although there are twenty community organizations in the ward, their role was not properly defined and there was lack of coordination. There is no major registered industry, but small endeavours like printing press and furniture works exist.

It was found that the major problems faced by the ward were the lack of public toilets which inadvertently lead to the soiling of the streets. Many water logged areas were also found during the monsoon. Removal of the community solid and household waste is a perpetual problem. Lack of employment opportunities and insufficient public

assistance, heritage sites not receiving due attention, and unsatisfactory institutional assistance to the poor were also cited by the residents. The *ghats*, *patis*, *sattals* and temples along the riverbank of the ward are occupied as shelter by the homeless workers and their families. It was found that the management of the congested sprawl areas of Teku ghat, Hyumat Kholcha and the uncontrolled riverside were some of the problems being faced by the ward management. The area of the case study lies in Brahma tole and is called Bara nani. The access to it is from Brahma street in the north and Teku to the south. The access path is brick-paved after Brahma street, passing Mahakali shrine and the legendary twelve year well. Entrance to the brick-paved closed courtyard is from the ground floor opening in a house from the west side. There is a shrine of Bara nani and a tubewell in the courtyard.

Figure 5.26: Location and housing characteristic of Bara Nani, Brahma Tole, ward number 12, Kathmandu

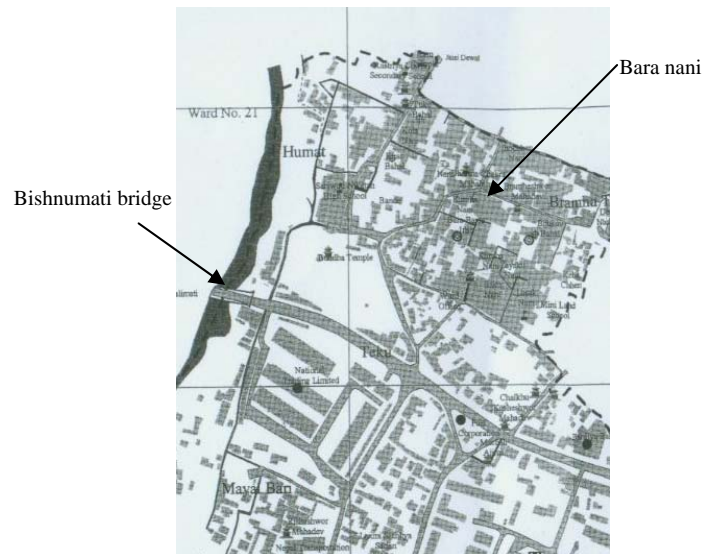




Figure 5.27: Condition of Baranani housing, ward number 12, Kathmandu (2008)



Figure 5.28: Plan of Bara nani, Brahma tole, Kathmandu ward number 12



The overview of the Bara nani housing revealed that out of the twenty houses in the courtyard, nine were constructed with clay mortar and bricks and the rest were constructed in a composite form of clay mortar and cement. Five of the houses had individual property walls and the rest had common property walls. The number of floors varied from four to five. The general usage of the floors was that the ground floor was used for toilet, store or a common area; while the upper rooms were used as habitable spaces. The types of roofing used were earthen tiles or galvanized iron sheets and the fenestration was invariably wood. The study indicated that both interior as well as the exterior are in need of maintenance.

There was an average of 1.8 households per house compared to the national average of 1.2, living in an average area of 171.2 sq.ft. The average household size was 4.3. It was found that 67.8 per cent of the residents were renters compared to the overall average of 30 per cent of Kathmandu (Appendix 19). The average rent per household per month was Rs 1,314. The average household income per month was revealed as Rs. 6,291 and average household expense per month including rent was Rs. 5,917. The average household income per month of Kathmandu is taken as Rs. 17,227 and average household expense as Rs. 10,739 (Lumanti 2005). Against this background, it was revealed that the residents have potential for savings.

The education level varied from none (40 per cent) to intermediate, with 10 per cent not replying to this question. The number of rooms including kitchen in a house was 3.4 with invariably one small toilet. The average volume of water consumed per person per day was 46 liters. The expectations from government and society in their own words were:

- (a) renters should be provided social security by the government
- (b) sufficient water supply, more constructive involvement of ward activities and old age security
- (c) social security loan (without collateral)
- (d) regular removal of waste by municipal tractors, decent living environment and facility for free education for children
- (e) security should be improved
- (f) job opportunity should be provided
- (g) cleaning the courtyard, proper waste disposal and some sort of housing for people coming from outside (renters)
- (h) peace and heritage conservation

Their notion of a satisfactory housing environment was:

- (a) sufficient water, toilet and peace
- (d) people must be conscious about garbage. Bye laws should be followed
- (c) safety

- (d) cleanliness, sufficient and regular municipal tractors for solid waste disposal
- (g) place to dry clothes

It is concluded that the main issue in this low income settlement is adequate housing. Need for secured housing and a better living condition are the common concepts shared by all the people in this low income community. Other important issues found were the marginalization of some caste groups, education for children and water and sanitation problems leading to health and environmental deprivation. The role of the government and municipality in addressing the issues of urban poor settlements, particularly safe housing, is questioned. With regard to urban services requiring immediate attention in this case, the water supply system should receive immediate attention and be upgraded.

6. CONCLUSIONS

6.1 THEORIES REVISITED

6.1.1 HOUSING THE URBAN POOR

Globally, the shelter conditions of the poor are deteriorating- 1.3 billion people do not have access to water and the same number live on less than a dollar a day, the generally accepted poverty line for developing countries; while 2.6 billion people do not have access to basic sanitation. Easing poverty will clearly dominate the international development agenda of for some time to come. Much of the focus of this agenda will be on the world's urban areas where an estimated one billion people still lack adequate shelter and basic services. The problem of homelessness in cities around the world defies generalization, essentially because the growth of every city and the way the establishment attempts to manage its growth are rooted in its history, culture and its local politics.

By late 1960s, most cities in developing countries were getting disillusioned with public urban housing programs as a solution to the proliferation of slums and squatter settlements. Though this trend continued, and it continues to this day in official statistics, the shortcomings of this approach were evident on a number of counts. Firstly, few urban administrations had the necessary resources to match the burgeoning housing needs of the urban population, be it the in-migrants or the new households. Secondly, the rising cost of public housing meant that public housing almost always missed the intended target groups. Thirdly, housing finance institutions could hardly keep up with the growing demand for housing finance for the urban poor and remained patently conservative and inflexible when it came to collateral requirements. Invariably, low-income populations were squeezed out in favour of the higher-income groups.

It was found that the 1970s saw increasing investment in slum and squatter upgrading programs, largely funded by the urban lending programs like the World Bank. For example, the Kampung Improvement Program in Jakarta, later extended to other urban areas of Indonesia, or the Bustee Improvement Program in Calcutta, India, made a visible impact, with improved basic services and a marked improvement in the living conditions of the urban poor (The World Bank 2004). But it was found that the resulting

lack of ownership resulted in reluctance on the part of the communities to pay for the improved services. This seriously affected cost recovery and sustainability of the upgrading programs after the flow of external resources had diminished. The shortcomings of sites and services or slum upgrading programs provided important lessons to planners and policy makers and made room for looking into other alternatives.

Most of Asia's urban poor live in overcrowded and unsanitary slums and squatter settlements and often do not have access to basic infrastructure and services. They are forced to live in illegal and informal settlements because they cannot enter formal land and housing markets. It can be said that because of the way formal markets are regulated and structured, the poor are unable to afford the choices offered to them in these markets. In contrast, the informal and illegal housing markets of slums and squatter settlements are specifically geared to satisfy their shelter needs.

However, like other informal markets, the informal land and housing market is exploitative and has several negative impacts. First and foremost, informal settlements are often located on marginal land (along river banks, railway lines or near garbage dumps) and are prone to natural and man made disasters. They are also often illegal and those living there do not have security of tenure. Because of their illegal status, they are often not provided with formal basic infrastructure and services such as piped water, electricity, wastewater disposal and solid waste collection by government agencies and organizations. Because there is often no security of tenure in illegal settlements and the fear of imminent eviction exists, the poor do not invest in improving either their house or their settlement. The same may be said in the context of the urban poor in Nepal as corroborated by the case studies conducted. The main issue of the urban lower income group is housing. Secured housing and better living condition is a common wish of the urban poor. It is concluded that without the guarantee of security of tenure, it would be difficult for a housing program to be successful. The role of the government and other institutions in addressing the issues of housing the urban poor in Nepal is questioned.

6.1.2 HOUSING POLICY

Housing in economically developing countries is typically inferior in quality and space to that found in economically developed nations. Institutional efforts to upgrade housing conditions are evolving slowly. In the 1950s, slum demolition was effected on a large scale in many cities, such as Manila in the Philippines and Baghdad in Iraq. In the 1970s, some developing countries turned to self help housing. Families were given plots of land and building materials to construct or improve their own shelter. This housing approach is commonly referred to as a sites and services program; so far it has been implemented on a large scale in many South American countries.

Housing is a critical component in the social and economic fabric of all nations. It can be said that no developing country is yet satisfied that adequate housing has been delivered to the various economic groups that make up its populace. Thus most nations, in one form or another, continue to claim a housing problem. Housing primarily denotes a permanent shelter for human habitation. Because of the necessity of shelter for everyone, the problem of providing adequate housing has long been a concern, not only of individuals, but of governments as well. History of housing is inseparable from the social, economic and political development of a country. From the beginning of civilization, attention has been paid to the form, placement, and provision of human habitation. The earliest standards specifying structural integrity in housing was found in the code of the 18th century BC. Babylonian King Hammurabi (Murie et al 1976).

The term 'housing' is ordinarily used to refer to a community's physical stock of dwelling units. In this context, housing is defined as a set of activities related to the production, distribution and servicing of the physical stock. The physical stock of dwelling units has a life cycle; the basic characteristics of which include preparation, production, distribution, servicing, redistribution and renovation. In this respect, the housing process is dynamic. The working of the housing process is not simple- it is rather very complex. The housing process is unusually vulnerable to nationwide economic trends over which none of the participants has control. The housing process is an

important public concern since housing connotes not only a place to live in but also utility services such as electric lighting, drinking water, roads and sewerage.

Housing problem in term of availability of shelter is related to housing need and demand. Housing need and demand are two different concepts, which are central to a discussion of housing policy (ibid.:253). Housing need is the extent to which the quality and quantity of existing accommodation falls short of the required number to provide each household or person in the population. Demand on the other hand, is an economic concept- the standard and amount of housing a household can command is a result of income and ability to pay. It does not imply the achievement of any minimum standard. There is a third possible concept, namely housing desires, based on household preferences and aspirations. Problems commonly arise when a gap exists between housing need and the availability of satisfactory dwellings. In Nepal, the housing backlog was estimated as 9,364 per annum (MHPP 1996). For urban Nepal, it was estimated as 3,498 per annum and for rural Nepal 5,866 per annum. This gap may be one of numerical shortage- with not enough dwellings of a specified standard to accommodate all the households who need them or it can be due to a shortfall between need and demand- the dwellings physically exist, but are not available to household in need because they cannot make their demand effective.

Housing problem is to be examined in terms of social, economic, political and physical framework of the housing system. The significance for housing in the social framework lies in the choice of policy objectives and in the links between housing and social policy. The economic factors exercise an all-pervasive influence on the housing system. Housing policy is never free from the economic situation, and specific measures are called for precisely because of this. Housing is political also. Both nationally and locally, housing policy is formulated through the political system. Finally, there is the physical context. Houses are physical structures. This is their most obvious characteristic.

Housing problems arise due to several reasons. The situation of housing shortage develops when there will be a shortfall between housing need and availability of housing

units. The problem may be due to a gap between housing need and demand. In developing countries, this becomes primarily the result of mass poverty. Housing problem is felt in many cases due to lack of adequate provision of utility services. In order to overcome these problems different programs were launched. Some commonly adopted programs include (a) site and services program, (b) low cost housing program and (c) guided land development and (d) urban area improvement program.

The objective of the site and services program was to provide serviced plots to low income groups in planned communities, where they could build or expand their own houses in stages according to their capabilities. The low cost housing program was essentially the same as the site and services program, except that it also included the construction of the low cost houses. The objective of guided land development was to control irregular growth of housing in low-density residential areas of urban localities. Maintenance, improvement and reconstruction of residential houses and improvement of roads, drinking water, sewerage and public places were undertaken under the urban area improvement program.

Traditionally housing has been considered as an unproductive activity, and it has been left to be an individual's concern. However, housing is now considered increasingly a developmental issue, and it is of public concern because of its dominant role as a production potential of the economy. The role of housing in the context of development is significant as it is a heterogeneous commodity consisting of the shelter, the site and the services such as roads, water, electricity, drainage and waste disposal. The number of dwelling units in Nepal was estimated at 3,598,212, with 3,161,679 units in the rural areas as compared to 436,533 in the urban area in 2001 with average household size for Nepal 1.16, for urban areas 1.52 and for rural areas 1.11.

Although there are no effective minimum standards in Nepal imposed either on residential land subdivisions or on building construction, it can be understood that one reason why the housing situation is not worse is because land and housing markets have not been constrained by imposed standards. Land can be divided into parcels that are

small enough to be affordable, and houses can be built over time at costs that are determined by building materials and labour market. The imposition of standards higher than present construction practices would inevitably raise these costs and negatively effect affordability. It can be assumed that if official directives were to raise housing standards by legislative sanction beyond people's means, it would be counterproductive and would result in driving an increasing proportion of households into illegality and a whole range of deception to circumvent controls. But there are areas where controls are required and, if not beyond the economic capacity of the population, will be accepted. Simple land use controls which prohibit environmental and cultural/ health hazards, progressively applied building codes and standardized building materials are some examples.

6.2 CONCEPT AND DETERMINATION OF MINIMUM HOUSING NORMS

Concept of housing

The word 'housing' can have different connotations. Housing is a physical facility. In most cases, it is a basic need of life. Hence, the need for housing development- not considering it in isolation but as a single commodity and taking it as a settlement, demands an integrated approach. Government, organizations, social and financial institutions have a greater role to play in helping the efforts of individuals of various income groups to have the access to a home in an adequate housing environment.

Housing as an individual good that satisfies people's needs should be examined on various grounds. However, housing is not only a finished product but also a process through which people-based resources like their creativity, skills, initiatives, cooperation, determination and personal savings are made available for the provision of shelter. Housing provides the owner with valuable assets. In the Nepali context, it is the most dependent asset. Generally, its value appreciates over time, it generates income and it is a good insurance. Gilbert and Jugler (1982) stated that housing is a highly visible barometer of poverty. Perhaps that is why it represents such a sensitive issue in many cities in the developing world. As a result, housing needs of people got the status of basic need; but it has not received the due deliberation it merits. Inconsequential formal attempts to give focus in the context of fulfilling this basic need of the disadvantaged

groups have been noted. Housing needs of the most deprived people who do not possess their own house is growing fast; thus, the formulation of proper strategies/ policies addressing this issue in the country is the big challenge.

Standards

It was found that because of a highly stratified social system in developing countries, standards tend to be higher than what the society at large can afford and sustain. Standards should be designed to bring about a more moderate style responsive to social needs. Standards should be culturally acceptable, socially responsive, technically appropriate and economically feasible.

Minimum housing needs

Minimum housing norms was adopted for Nepal in 1990 (CEDA 1990). The main features were:

Rural areas

(a) house with 30 sq.m. of floor area for a household of six to be constructed in the traditional way with local materials, skills and technology. It maintained that due care should be taken to protect buildings from heat, rain, snow, storm and earthquake.

Ventilation and sanitation facilities should be adequate.

(b) minimum plot size of 60 sq.m for each house.

(c) cheap and convenient toilets should be provided.

(d) availability of safe drinking water and basic services like health and education.

Urban areas

(a) house with 30 sq.m for a household of six with a minimum plot size of 40 sq.m for each house.

(b) cheap and convenient toilets should be provided.

(c) availability of basic services and facilities like safe drinking water, sewerage, electricity, health care and education.

In this context, it is relevant to note the minimum housing norms for the low income households in India. The Indian Standard 8888 was first formulated in 1978 (updated in 1997) on the recommendation of the Housing Ministry in 1975. In this

standard the requirements of that section of the population, who had very low family income and who really could not afford to build a house, was considered. Hence, the approach of this guide has been directed towards housing for the low income group. The attempt, therefore, was made to find out how far low the requirements of housing could be brought down without jeopardizing certain safeties, namely fire, health and structural safety.

This standard provides guidelines for the planning and general building requirements of low income housing for houses having a maximum plinth area of 40 sq.m. The provisions of this guide on planning of low income housing are applicable to public/ private agencies, government bodies and have provisions on design and construction standards of buildings for low income housing in approved layouts.

Layout pattern

In the land to be developed, at least 75 per cent of the plots may be of the size upto 60 sq.m. per dwelling unit in metropolitan towns and 100 sq.m in other towns. Remaining 25 per cent of the plots may be more than 60 sq.m. however, no plot shall be more than 200 sq.m. In the case of group housing, at least 75 per cent of the units shall have a plinth area (excluding external circulation) upto and not exceeding 40 sq.m.

Plot area

The minimum plot size with ground coverage not exceeding 75 per cent, shall not be less than 40 sq.m. in small and medium town and not less than 30 sq.m. in metropolitan cities. Plot sizes of below 30 sq.m. but not less than 15 sq.m. may be permitted in case of cluster planning.

Note: In exceptional cases in metropolitan cities of more than one million, the size of plots may be brought down to 25 sq.m. in cases of low income housing colonies located in congested areas as decided by the authorities. The minimum frontage of the plot shall be 3.6 m. in width

Density

The density norms for plotted development and mixed development were maintained as:

<i>Type of development</i>	<i>Range of densities</i> (gross)
plotted development	65-120 plots per hectare
mixed development	
small towns	75-100 dwelling units per hectare
cities	100-125 dwelling units per hectare
metropolitan cities	125-150 dwelling units per hectare

In the case of developments with per dwelling unit covered area of 15 sq.m, maximum densities of 500 dwelling units per hectare shall be permissible. The height of the building shall not exceed 15 m (Bureau of Indian Standards 1997).

Gupta (1995 Vol.II: 641-49) viewed that there cannot be any hard and fast rules on the subject. He stated that these standards vary with the size of the city, status/ order of the city and nature of problems. The author recommended the following norms:

Built up areas for different types of houses:

- (a) Community service personnel and the economically weaker section 12.5 to 18 sq.m.
- (b) Low-income group 22 to 40 sq.m.
- (c) Middle-income group 40 to 80 sq.m.
- (d) High-income group 80 to 120 sq.m.

The author's recommendation (a) has been adopted in the strategy.

Size of plots:

- (a) Community service personnel and the economically weaker section 15 to 21sq.m.
- (b) Low-income group 25 to 40 sq.m.
- (c) Middle-income group 45 to 100 sq.m.
- (d) High-income group 120 to 200 sq.m.

The Bureau of Indian Standards recommended that the minimum plot size with ground coverage not exceeding seventy-five per cent shall not be less than 40 sq.m. in small and medium towns and not less than 30 sq.m. in metropolitan cities. Also it specified the minimum frontage of the plot, density norms and height of building. Centre for Economic Development and Administration (1990) had recommended a minimum plinth area for a house in urban areas to be 30 sq.m., with a minimum plot size of 40 sq.m. for each house. However in the context of the urban poor in Kathmandu, an area of 12.5 to 18 sq.m. would be adequate for the urban poor as per Gupta's recommendation (a) (Gupta 1995 Vol.II). A design of a plausible plan of a 18 sq.m. dwelling unit is shown in Appendix 21 in which there is a possibility of combination of units.

6.3 POVERTY

Here, it becomes relevant to revisit theories of poverty. Poverty can be defined as an economic condition in which people lack sufficient income to obtain minimum levels of food, clothing, housing, health services and education generally recognized as necessary to ensure an adequate standard of living. What is considered adequate, however, depends on the average standard of living in a particular society. *Relative* poverty is that experienced by those whose income falls considerably below the average for their particular society. *Absolute* poverty is that experienced by those who do not have enough food to remain healthy. However, estimating poverty on an income basis may not measure essential elements that also contribute to a normal life. People without access to housing, health services and education should be considered poor even if they have adequate food.

Causes

Individuals who have a lower than average ability to earn income, for whatever reason, are likely to be poor. Historically, this group has included the elderly, people with disabilities, single mothers and members of some minorities. Not only do women who work outside the home generally earn less than men but a single mother often has a difficult time caring for children, running a household and earning an adequate income. Lack of educational opportunities is another cause of poverty. Other groups

disproportionately represented below the poverty threshold are people with very large families.

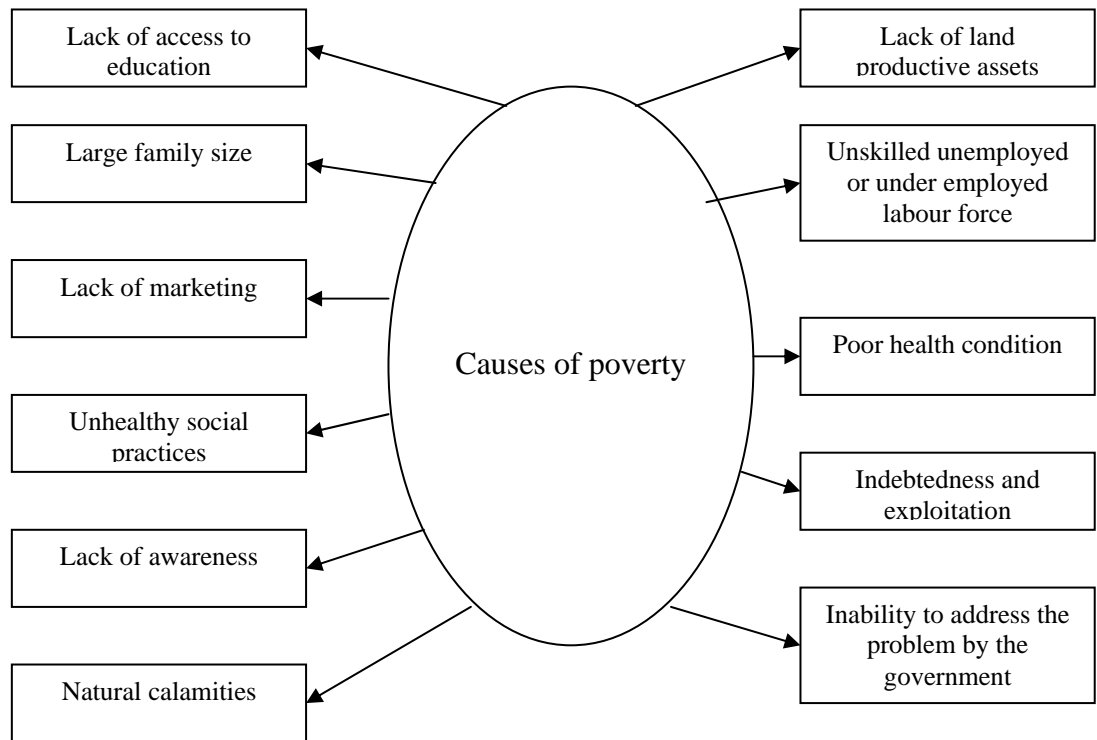
Lack of educational opportunity, hence deprivation of employment, is a major cause of poverty. Much of the world's poverty is due to a low level of economic development. Even in economically developed countries, widespread unemployment can create poverty. The Great Depression deprived millions of Americans and Europeans in the 1930s. Less severe economic contractions or recessions cause smaller increases in the poverty rate. In the early 1930s shanty towns grew in cities across the United States, built by people made homeless by the depression, such as the Hooverville shantytown.

Figure 6.1: Hooverville (USA) shanty town (1930)



Poverty has been viewed as a measure of social class and inequality in industrial societies. Similarly, poverty has been regarded as an indicator of inequitable economic dealings between the developed and the developing countries, with the poverty of the developing world being linked to the accumulation of wealth in the developed world. The poorest nations in the world are in South Asia (Bangladesh, Nepal, India and Pakistan), sub-Saharan and North Africa, the Middle East, Latin America and the Caribbean.

Figure 6.2: Causes of poverty



6.3.1 POVERTY LEVEL

Poverty is said to exist when people lack the means to satisfy their basic needs. In this context, the identification of poor people first requires a determination of what constitutes basic needs. Here, it is necessary to define levels of poverty in Nepal. The World Bank has determined the cut off level of an earning of U.S. \$ 1 per day per person to define poverty in developing countries. However, owing to low levels of income, employment opportunities and lack of sufficient educational facilities, this definition may not conform to Nepal. Other official standard definitions based on calorie intake and proportion of expenditure on food also exist. Investigation of poverty survey in Nepal revealed that the first estimation of poverty was carried out by the National Planning Commission in 1978. The variables contained were income, expenditure and consumption. It had defined that anybody having less than Rs. 2 income per day was poor (Lumanti 2005). In 1984, the Nepal *Rashtriya* Bank conducted a household budget survey and defined the poverty level at Rs. 143 per person per month and estimated the

poverty level as 42.4 per cent. The sixth plan (1980-1985) defined the poverty level on the basis of calorie intake of 2,124 cal as the basic need for an average Nepali and estimated the level of poor people as 30.8 per cent. (Refer Appendix 2). The Central Bureau of Statistics, Nepal in 2003- 04, defined the national poverty level as Rs 7,695.7 per person per year (65 per cent of which being for food items) (CBS 2005b). The poverty level for Kathmandu was set as Rs 11,056.8 and for other urban areas as Rs 7,901.1. It estimated the incidence of poverty in Kathmandu of 3.3 percent (CBS 2005b). However a survey conducted by a nongovernmental organization in 2005 using the same parameters estimated 13 per cent people and 8 per cent households in Kathmandu to be below the poverty line (Lumanti 2005). The average annual per capital income of Nepal is U.S. \$ 227 (UNDP 2002), well below the World Bank's extreme poverty line for developing countries, which is kept as U.S. \$ 365 per annum.

Notwithstanding the planned developmental efforts of five decades in Nepal, Gurugharana (1998) cited the causal factors for the deepening of poverty in Nepal as: (a) economic factors- sluggish overall growth, stagnant agriculture, high population growth, high inequality in asset and income distribution, dualistic development process, vast underemployment, increasing unemployment, declining real wages, inappropriate microeconomics/ policy environment, inefficient management of available resources and lack of access of poor people to institutional credit (b) political and socio-cultural factors - lack of good governance, inefficiency, corruption, lack of people's participation, discrimination by gender/ ethnicity, weak social services, low human development and cultural/ traditional factors (c) geophysical factors- poverty in aggregate resources, land lockedness, extremely difficult topography, poor infrastructure and environmental degradation.

6.3.2 SOCIAL INEQUALITY

Social inequality is the unequal distribution of opportunities within the population of a society. Social inequality has existed since the dawn of civilization. Social scientists in the 20th century had examined inequality in the context of longevity, income, race, gender and more recently, quality of life. The historical origins of social inequality are manifold, and are sometimes a result of conquest. For example, caste systems are assumed to have developed in India as a result of the migration of Aryan peoples into the north-west, combined with the ethnic differentiation of the indigenous people. The original word for caste, *varna*, means 'colour'. This system is to be noted because it has the longest record of institutionalized inequality, which has lasted until recent decades.

Poverty or 'the state of one who lacks a usual or socially acceptable amount of money or material possessions' is the common form of definition. These may be defined as narrowly as those necessary for survival or as broadly as those reflecting the prevailing standard of living in the community. The first criterion would cover only those people near the borderline of starvation or death from exposure; the second would extend to people whose nutrition, clothing and housing, though adequate to preserve life, do not measure up to those of the population as a whole. The problem of definition is further compounded by the non-economic implication that the word poverty has acquired. Poverty has also been associated, for example, with poor health, low levels of education or skills, an inability or an unwillingness to work, high rates of disruptive or disorderly behaviour and improvidence. While these attributes have often been found to exist with poverty, their inclusion in a definition of poverty would tend to obscure the relation between them and the inability to provide for one's basic needs. Whatever definition is used, it can be asserted that the effects of poverty are harmful to both individuals and society.

Although poverty is a phenomenon as old as human history, its significance changed in the 20th century. Under traditional (non-industrialized) modes of economic production, widespread poverty had been accepted as inevitable. The total output of

goods and services, even if equally distributed, would still have been insufficient to give the entire population a comfortable standard of living by prevailing standards. In the 20th century, however, this ceased to be the case in the industrialized countries, whose national outputs were sufficient to raise the entire population to a comfortable level, if the necessary redistribution could be arranged without adversely affecting output. Among such countries were virtually all those of western Europe and some in central Europe, the United States and Canada, Japan and several smaller nations on the Pacific rim, oil rich nations of the Arabian Peninsula, Australia and New Zealand. Poverty in these countries tended to have different patterns of distribution than in much of the rest of the world.

Kunwar (2002) held forth that types of poverty may be classified depending on such factors as time, duration and distribution:

(a) Cyclical poverty

Cyclical poverty refers to poverty that may be widespread throughout a population, but the occurrence itself is of limited duration. In non-industrial societies (present and past), this sort of inability to provide for one's basic needs rests mainly upon temporary food shortages caused by natural phenomena or poor agricultural planning. Prices would rise because of scarcities of food, which bring widespread, albeit temporary, misery.

In industrialized societies the chief cyclical cause of poverty is fluctuations in the business cycle, with mass unemployment during periods of depression or serious recession. Throughout the 19th and early 20th centuries, industrialized nations experienced recessions that temporarily enlarged the numbers of the poor. The United States' experience in the Great Depression of the 1930s, for example, though unique in some of its features, exemplified this kind of poverty. And until the Great Depression, poverty resulting from business fluctuations was accepted as an inevitable consequence of a natural process of market regulation. Relief was granted reluctantly to the unemployed and the poor to tide them over until the business cycle again entered an improvement. Although business depressions affect all segments of society, their impact

is most severe on people of the lowest socioeconomic strata, because of their marginal resources.

(b) Collective poverty

In contrast to cyclical poverty, which is temporary and widespread, collective poverty involves a relatively permanent insufficiency of means to secure the basic needs - a condition that may be so general as to describe the average level of life in a society or that may be concentrated in relatively large groups in an otherwise prosperous society. Both generalized and concentrated collective poverty may be transmitted from generation to generation such as parents passing their poverty on to their children. Collective poverty is relatively general and lasting in much of Asia, the Middle East, most of Africa, and large parts of South America and Central America. Life for the bulk of the population in these societies is at a minimal level. Nutritional deficiencies cause diseases. Low life expectancy, high levels of infant mortality and poor health characterize life in these societies. Collective poverty is usually related to economic underdevelopment. The total resources of many developing nations in Africa, Asia, and South and Central America would be insufficient to support the population adequately even if they were equally divided among all of the citizens.

(c) Case poverty

Similar to collective poverty in relative permanence but different from it in terms of distribution, case poverty refers to the inability of an individual or family to secure basic needs even in social surroundings of general prosperity. This inability is generally related to the lack of some basic attribute that would permit the individual to maintain himself. Such categories of persons include the helpless, aged, the blind, the physically handicapped and the chronically ill. Physical handicaps are usually regarded sympathetically, as being beyond the control of the people who suffer from them. Efforts to amend poverty due to physical causes focused on education and employment.

By contrast, those persons who have handicaps in social adaptability have long been associated with carelessness, a label covering such behaviour as laziness, inability to maintain employment and producing too many children. The socially handicapped, as indicated in the language used to identify them, were regarded undesirable. Their

handicaps are often felt to be within the control of them if they chose to control them. Their poverty, then, is regarded as the outcome of their own failures.

6.4 FINDINGS

In this context, it is relevant to review issues on the role of the state to help those in need. It was found that the high cost of social security is in part responsible for the low levels of economic growth in industrialized societies since 1973. The argument takes three forms. First, it is perceived that high levels of unemployment benefits reduce the incentives to take paid work. Second, resistance to the payment of taxes and contributions leads to wage demands, inflation, and government deficits. Third, it is argued that because people have rights to social security benefits they are less likely to save; this lowers investment and thus economic growth. Findings revealed that high degrees of social security have contributed to, and also have been responsible for not only low growth but also for high levels of unemployment.

In response to these arguments, it was assessed that empirical investigations lend little support to the contention that people prefer benefits to work, though the availability of benefits may make them less willing to take lower paying jobs. It is true, however, that high spending on social security has failed to solve the problem of relative poverty in industrialized societies (Sen 1997). A study prepared by the International Labour Organization in 2004 set out the ultimate aims of social security. It stated that its fundamental purpose was to give individuals and families the confidence that their level of living and quality of life will not, insofar as is possible, be greatly eroded by any social or economic eventuality (Ledgerwood and White 2006). This involves not just meeting needs as they arise but also preventing risks from arising in the first place, and helping individuals and families to make the best possible adjustment when faced with disabilities/ disadvantages which have not been or could not be prevented. It is the guarantee of security that matters most of all. The means should not be confused with the ends.

There are several approaches to tackle the problem of access to housing finance for the low income urban households. It would be in order to first state some of the underlying findings within which various recommendations shall be made. To begin with, it was found that the formal financial sector has not made any significant contribution for providing housing finance to the urban low income households in Nepal. The second finding is that the low income households on their own are not able to access loans from the formal financial sector in the normal course either because of cumbersome procedures and documentation needed to obtain loans from the formal sector or because of their inability to satisfy eligibility conditions. As a consequence, they are generally not availing of loan facilities extended by the formal financial system. There are several reasons for this situation. First, and perhaps foremost, is the question of providing acceptable individual conventional collateral. Most low income households do not own land or have a clear title to it. Most financial institutions in Nepal insist upon formal collateral, primarily in the form of land or housing asset with clear documentation with regard to land and municipal certification. Clearly, unless a satisfactory solution to this problem is found, there is little possibility of the low income households getting directly integrated with the formal financial system. In recent years, a new alternative has become available to some of the urban poor- micro housing loans from microfinance institutions such as Coops in Indonesia, Grameen in Bangladesh, the National Cooperative Housing Union in Kenya and Mibanco in Peru have done away with the need for the conventional collateral for the poor (Ledgerwood 1999). The role of the NGO for providing intermediation, facilitating and recovery of loans has been emphasized. It was found that Grameen's loan recovery was close to 98 per cent.

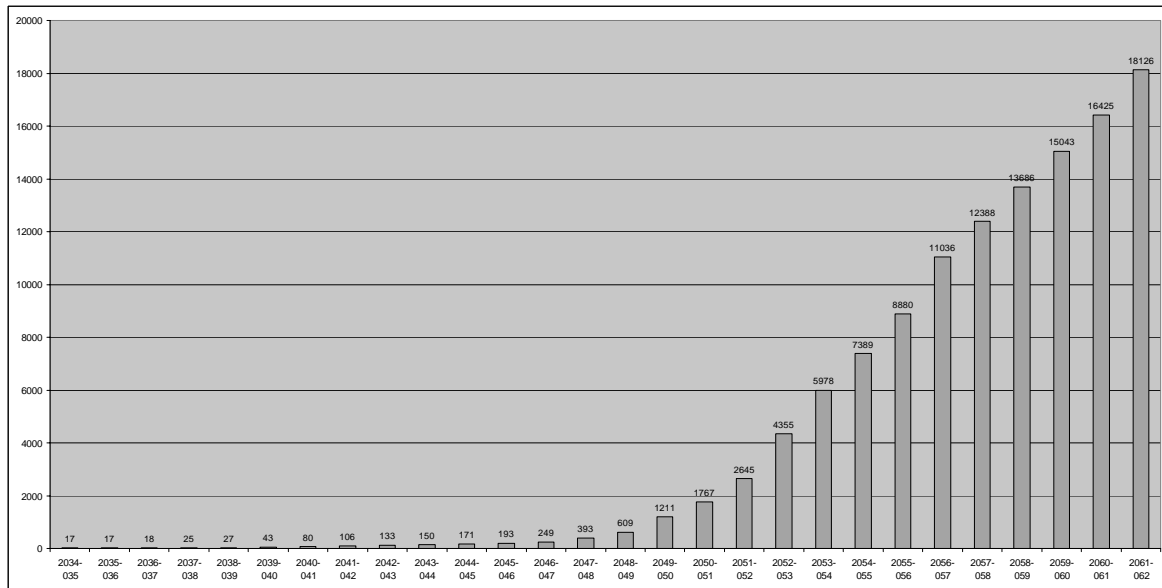
In India, the experience of the Self Employed Women's Association and Delhi Catholic Archdiocese revealed that personal knowledge of the prospective borrowers and their track record of repayment formed the basis for providing loans (Dhar 2006). It was found that for providing loans to low income households on any scale, the first step was that the traditional model of security/ collateral was dispensed with. In Nepal, the formal financial sector, because of its conservative policies, has not been forthcoming in provide housing loans to low income households. Correspondingly, the low income

households, even if they are aware about the availability of lendable funds from financial institutions, are generally inhibited to seek loans from them. This is largely due to restrictive loan terms particularly those relating to collateral, down payment requirements and rigid repayment schedule. A formal sector financial institution, The Housing Development Finance Corporation of India, has made a serious attempt to reach the low income households through the use of local level network (Aldrich and Sandhu 1995). They have used the services of NGOs to obtain first hand knowledge of the potential borrower households belonging to low income groups, identification and recommendation for the housing loan.

These findings have underlined the need for interface between the formal financial sector and low income urban households with a view to bring some results on the process of integrating low income households with the formal financial sector. This strategy has certain limitations. They relate to the correct identification of the link institution by the formal financial institutions, knowledge about the link institution and that they have effective rapport with potential borrowers. Here, the initiative is to come directly from the financial institutions as part of their social obligation and as part of the proposed strategy.

In Nepal, there are 18,126 officially registered NGOs (SWC 2005), out of which 52 per cent are involved in the field of poverty alleviation, and they can be motivated to participate in the task of organizing the poor into groups or cooperatives. This underlines the importance of organizing housing finance for the urban poor through the community with the link institution providing the necessary link and support. For this purpose they would obviously need some orientation and training. Another major benefit of organizing the poor into groups is the possibility of local leadership to emerge from within the community itself.

Figure 6.3: Annual growth of non governmental organizations in Nepal



In debating issues relating to housing for the urban poor, it is difficult to ignore altogether the aspirations of the poor and consequent political ramifications, where some concessions could be demanded. An important instance could be local pressure to get deferment and sometimes even waiving of recovery of loans. This would adversely effect not only the circulation of the funds according to schedule, but more importantly cut into the very roots of financial discipline which is of essence to the success of the system. Here, it becomes relevant to note that the Bangladesh Grameen Bank experiment has ensured that there is no involvement of locally elected officials or government officials in the disbursement or in the recovery of funds. Sen (2000) stated about this program that the visionary microcredit movement led by Muhammad Yunus had consistently aimed at removing the disadvantage from which poor people suffer, because of discriminatory treatment in the credit market.

6.5 RECOMMENDATION

6.5.1 APPLICATION: FEATURES OF THE STRATEGY

The analysis of the situation and cases has set a background for a comprehensive framework for designing a strategy to meet the housing needs of the urban poor in

Kathmandu. The suggested strategy emphasizes the need for community based initiatives to tackle the problem of access to secured housing for the urban poor. In this setting, community role is highlighted. Further, a key element in the strategy resulted in the central role of nongovernmental organizations (NGO) which shall be used as a link institution, especially in the context of organizing the urban poor into groups, for their proper identification and for the necessary coordination with the formal financial sector. Hamdi (2004) indicated that when organizations like these coalesce and, through their network act as a larger organization and when they are able to exercise influence, they emerge and become enhanced. Some formal institutions have started to address the needs of low income people. The Housing Development Finance Company in India relies on NGOs to intermediate between low income families (Ali 2006). In the context of recovery of loans, provision of group loans besides being convenient, also reduces default risks through group pressures. The link institution in the method of planning, through its close relationship with each member of the community, shall be able to correctly assess affordability and repaying capacity of these households and supply the required information to the financial institutions willing to operate with such communities. The decision on which organization is to be involved in the task is something which would vary from one situation to another and should be decided on merit.

It is recommended that a link be provided between a formal financial institution and the urban poor households. The role of the government shall be to take the enabling approach to contribute fully toward the achievement of adequate shelter for the urban poor in Kathmandu valley. Utilization of the services of NGOs shall be a good facilitator in mobilizing the poor in the area, especially if they have already been engaged in carrying out some kind of activity there. The purpose is to form a community based database. The main role that the NGO would play shall be to get itself identified with the community and gain the confidence of the people in the area with a view to inform them of the merits of organizing themselves into groups not only for facilitating loan procurement for housing or housing improvement, but also to help them to effect improvements in other aspects of their life. The NGOs can help in convincing the poor of the advantages of the recommended enabling policies- policies that can guide, stimulate and create an

environment in which resources can be fully utilized for providing access to secured shelter. It is evident that improved housing situation for the urban poor would have positive effects in income generation and health. Nongovernmental organizations in Nepal have barely been involved in the field of housing programs for the urban poor, although fifty-two percent of them are working in the field of poverty alleviation. Their involvement in helping to provide access to secure housing programs for the poor is recommended, as the government realizes the complexity of solving the problem on its own is enormous.

In order to overcome some of the problems which formal sector institutions may encounter in identifying local level networks with established credibility among the potential low income urban household borrowers, it is essential to seek a strategy capable of providing an interface on a continuing basis between the formal sector financial institutions and the low income urban households. It is in this context that a strategy wherein the association of the link institution that is familiar with the functioning of formal sector institutions and which has close association with local level network and willing to work with a group of low income urban households is found to be essential. The link institution would have the objective of identifying the potential beneficiaries, organizing them into groups and recommending them to the formal financial sector for collateral free housing loan. The link institution could, if considered necessary, also promote and develop viable economic activities in the community through training and skill up gradation programs for raising the earning levels, and hence saving capacity. The link institution would have the necessary access to deal with various agencies to assist in the formation of groups. An important function of the link institution would be to act as a conduit for providing information to the formal sector about the socio economic characteristics of the prospective borrowers including their earnings, saving potential and repaying capacity. An important assignment envisaged for the link institution shall be to foster amongst the households the habit of thrift through regular collection, at intervals convenient to savers for eventually building up a collection of funds.

The principal role for the link institution would be essentially that of a facilitator, mainly in fostering links between the formal sector and the households through the use of local level network and information gathering. It would also have the added task of continuously monitoring the progress of various activities, with the focus on access to shelter provision. It would have the responsibility of apprising various formal sector agencies of the problems of the low income households in accessing affordable housing solutions and may seek intervention of official and institutional agencies to find ways of overcoming these problems within the overall framework of existing laws.

A key element of this strategy would consist in mobilizing the identified target groups into groups. It would be pertinent to make clear that the link institution is the focus of the strategy. Starting from the base, the low income households which mostly belong to the informal sector are first exposed to the NGOs with necessary orientation about the philosophy of this process. These NGOs would carry out the necessary extension work of educating the low income households of the advantages of working through groups and provide such intellectual inputs as would bridge the information gap that may exist in bringing about an effective interface between the formal sector institutions and them. So far as deposit mobilization, advancing housing loans are concerned, the role of the link institution would consist in laying down broad strategies and norms to deal effectively with problems such as down payment, repayment, municipal certification and acquisition/ title on the housing.

For convenience and to provide focus, the salient features of the recommended strategy are summarized. Since financing the urban poor for shelter has severe limitations as the formal financial institutions are unable to release funds without proper collateral, it is the endeavour of this strategy to provide the appropriate atmosphere to enable the formal institution to lend its funds to the low income group through the use of NGOs with the government acting as the enabler. Financial intermediation in terms of a nongovernmental organization is recommended to interface with existing organized financial sector or government funds. The role of the NGOs shall be to

- to identify the potential beneficiaries

- organize them into groups
- recommend them to formal financial institutions or government fund for housing micro loan/ land being the social responsibility of the government or other organizations as in the case of Paliphal
- monitor effective loan repayment. The empirical studies have proved that amounts required was affordable and repayment possible
- play the role of intermediary, in case of dispute

The role of the government shall be to

- take the enabling approach to contribute fully toward the achievement of adequate shelter for the urban poor in Kathmandu valley
- provide supportive institutional, legislative, regulatory and financial environment
- provide land for the housing and bear the costs of the NGOs as in the case of Paliphal
- intervene in land, housing and financial markets that so far are incompatible with the needs of the poor

In the proposed strategy, recovery of dues, should in some instances where some initial payment is required, would be designed to suit the economic circumstances of low income households. It would also have an inbuilt capability of adopting flexible terms and conditions connected with loan recovery. The inbuilt flexibility of the model to garner additional savings from low income households through non conventional saving instruments, including the practice of undertaking door to door collection of savings on a regular basis.

Here, it is pertinent to comprehend that no specific legislation exists which facilitates NGOs to act as microfinance intermediaries in Nepal (Actionaid Nepal 1998:157). It is recommended that a legislation needs to be initiated to address this. Just as housing microfinance should be considered within the overall financial system of a country, microfinance regulation should be understood as an integral part of a strategic housing microfinance policy framework. This strategic framework will help to develop a

clear understanding of the different steps to advance housing microfinance and will lead to the formulation of a joint vision to the formal financial sector and the beneficiary in getting to housing finance for the urban poor; land being the social obligation of the government as cross subsidy. It shall also have the role of bearing the costs borne by the NGOs.

In the recommended strategy, the insistence on collateral will be replaced by group guarantees on the recommendation of link institutions. In this context, mention of Bangladesh Grameen experience is made. The main features of the Grameen model indicated that it promotes credit as a right and its mission is to help the poor families to help themselves to fulfill their housing and other basic needs. It is targeted to the poor. Most distinctive feature of Grameen model is that it is not based on any collateral. It was initiated as a challenge to the conventional banking system which rejected the poor by classifying them to be not creditworthy. As a result it rejected the basic methodology of the conventional banking and created its own methodology. In order to obtain loans a borrower must join a group of borrowers. These loans are given through nongovernment organizations.

It was found that the Grameen model is based on the philosophy that the poor have skills which remain unutilized or under-utilized. It is definitely not the lack of skills which make poor people poor. The Grameen philosophy believed that the poverty is not created by the poor, it was created by the institutions and policies which surround them. In this context, Yunus (2006) wrote:

In order to eliminate poverty all we need to do is to make appropriate changes in the institutions and policies, and/ or create new ones. Grameen believes that charity is not an answer to poverty. It only helps poverty to continue. It creates dependency and takes away individual's initiative to break through the wall of poverty. Unleashing of energy and creativity in each human being is the answer to poverty. Grameen brought credit to the poor, the illiterate, the people who pleaded that they did not know how to invest money and earn an income. Grameen created a methodology and an institution around the financial needs of the poor, and created access to credit on reasonable term enabling the poor to build on their existing skill to earn a better income in each cycle of loans.

An illustration of a prototype of a dwelling unit for the low income people of Kathmandu is shown in Appendix 21. Affordability is an appraisal of a person's ability to meet the financial obligations arising from buying a house or other asset, taking account of the person's liabilities, and expected income and expenditure. The cases studied revealed that the amount required was affordable. Case of Baranani, Kathmandu, a low income settlement revealed that average monthly household saving was Rs. 1,614 and the average household monthly rent being spent was Rs. 1,314, the sum of which (Rs. 2,928) would suffice for the monthly recompense of Rs. 2,062 for the unit. In the case of the squatter settlement in Banshighat, Kathmandu, monthly household saving revealed was Rs. 2,925. The case of Paliphal Kirtipur resettlement program (Appendix 20) revealed that the beneficiaries are paying a sum of Rs. 2,000 every month as repayment; the land being subsidized by various nongovernmental organizations. The cases revealed that appropriate housing for the urban poor, as exemplified in the prototype, was affordable.

It would be clear from the foregoing appraisal that this strategy is based on a number of assumptions, and infringement of any of these would possibly restrict its applicability. Some of the assumptions in this strategy may be stated as: (a) the target group (beneficiary) has the saving potential for access to secured housing. In situations where this potential is not existing currently, the strategy envisages raising saving potential through skill upgradation and other economic programs for gainful employment (b) funds availability is not a major constraint from the formal financial institutions (c) the link institution has the necessary commitment and motivation to work actively in various tasks assigned to it towards the cause of shelter provision for low income urban households (d) the target group comprises of persons who do not have (i) shelter with legal rights on the land and (ii) access to housing finance (e) the government and its agencies have the necessary commitment and concern for the welfare of the urban poor, especially towards the issue of helping to provide access to secure housing, and willing to initiate such policies, changes and modifications as may be required to implement the program (f) the link institution providing the interface between the formal financial institutions and the target group has the necessary personnel, credibility and status to play an effective role expected of it (g) while neither the urban poor are able to access these

funds on their own nor the formal financial institutions are able to reach the target group, there is a willingness on the part of the formal financial institutions to advance housing microfinance to the target groups through a mutually acceptable intermediary.

6.6 VALIDATION OF THE PROPOSED STRATEGY

It was found that at the time of the first Habitat conference in Vancouver in 1976, urbanization and its impacts were barely perceptible. Two-thirds of the world population was still rural. But then, the world was starting to witness the greatest and fastest migration into cities and towns in history. In 1976, one-third of the world's people lived in cities. Just thirty years later, this rose to one-half and will continue to grow to two-thirds or 6 billion people by 2050 (Moreno and Warah 2006). At present, cities and urban areas are home to half of all world population. They are the hubs where most of the activities that contribute to the gross domestic product happen. However, they also create degradation, pollution, poverty and social unrest. In many cities in the developing countries, slum and squatter dwellers number more than 50 per cent of the population. There are few cities today that do not have to cope with the associated social and other problems of rapid urbanization. The future of sustainable urban development will depend on how well cities and urban areas in the developing world are managed. Thus, there is an urgent need of actions leading to innovative urban development policies and better urban governance to address this subject.

In Nepal, a major task facing the housing sector relates to the provision of adequate shelter to the urban poor. Constant and steep rise in prices especially in larger cities have virtually eliminated the poor out of the land and housing markets. Widening disparity in income has reduced the scope for integrating them into the formal housing market even further. Despite limited government schemes and initiatives to help the poor, the housing situation for them remains dismal. Like in most developing countries, growth in supply of urban housing has lagged behind the growth in demand for housing leading to substantial shortage of acceptable urban housing at affordable prices. In Nepal, the

housing backlog (new dwelling unit) was estimated as 9,364 per annum (MHPP 1996). For urban Nepal, it was estimated as 3,498 per annum. Among the major reason for such deficit is lack of housing finance in affordable terms and conditions. It can be said that the supply of housing especially for the urban poor, has not kept pace with the demand for housing. In urban areas, the situation is abysmal due to steady and growing migration from small towns and rural areas. Influx of people in urban areas has put pressure on urban services and other infrastructure. Outcome of this has been congestion and growth in slums and squatter settlements with unhygienic conditions as demonstrated by the Panchayan ghat squatter settlement in ward number 11, Thapathali by the Bagmati river. It began with three house in 2008 and at present has two hundred and sixty-eight houses. Here, it should be mentioned that migration to cities and urban areas is a necessary correlate of the process of economic development, and it can not be wished away. The poor would continue to pour in from rural and small towns to larger towns and cities so long as the rural- urban divide remains. These people have to be treated as an essential part of the urban life.

Figure 6.4: Growth of Panchayan ghat squatter settlement in Thapathali, Kathmandu



(Survey 2008)

(Survey 2010)

The urban population in Nepal is growing at a steadfast rate of 6.65 per cent- which is the highest in the regional context, compared to the national average of 2.27 per cent- and this rate is itself increasing. Against this backdrop, urbanization in Nepal is accelerating. In India, annual rate of urban growth is 4 per cent (Dhar 2006:321). If this trend of urban growth continues in Nepal, by 2025 the urban population will have reached 36 per cent. Increase in urban population owes its origin to three major factors: natural increase in population, reclassification of erstwhile rural settlements into urban,

and huge rural-urban migration. The last factor, namely rural to urban migration has created a number of problems in urban areas. These migrants are usually poor and mostly found to be working in the urban informal sector. They, for the most part, reside in slums and squatter settlements. This type of urban growth including the expansion of banking, finance and other service sector enterprises in the urban areas have had very little positive impact on the overall urban poverty status quo, if any, mainly because such undertakings are practically delinked and disconnected from the vast informal urban sector.

As poverty increasingly displays urban characteristics, the challenge is to work with people to improve the quality of life and environment in poor urban communities. It would not be acceptable to ignore these communities and locate them to the outer edges of the cities, close enough to be exploited for the services they provide, but far enough away so that their dreadful living conditions can be ignored. Their contribution is important. Working with the urban poor, however, does not mean doing it for them for free. Taking for example the case of the *Katchi Abadis* (squatter settlements) Improvement and Regularization Program in Pakistan which began its operation in 1978, it focused on regularizing 2,320 *katchi abadis*, which had a population of over 5.5 million (Hasan 1997). It aimed at improving the settlements by providing water, sanitation, electricity, road paving and social facilities. The beneficiaries had to reimburse for this improvement.

Another example is the Community Mortgage Program of the Philippines. This program enabled the settlers to have access to secure housing. This was achieved through a loan granted by the government to housing finance institutions which was disbursed to the settlers for land purchase and development, with the entire community as borrower. The basis to the success of the program has been the willingness of housing finance institutions to change its previous system requiring individual conventional mortgages to one that accepts the occupants of the land to collectively hold the mortgage over the entire land area (Ansari and Einsiedel 1998).

Authorities have a role to play in addressing the issues and formulating and implementing appropriate policies for urban development which recognize and include poor as legitimate citizens. The urban poor have a role to play in forming a vision of how they want to live and take practical steps towards creating this. It also means recognizing that the urban poor are important citizens, that they have insights, skills and experiences that need to be included and recognized if our cities are to be sustainably developed. One of the crucial areas of the housing problem in urban Nepal is the growth of slum and squatter settlements. The various policies have very little to offer in this respect. No inventive scheme has been drawn up to bring about an interface between the marginalized urban poor and formal financial institutions. Also no solution has been offered to deal with the problem of growing urban slums and squatter settlements. In effect, looking into the structural changes in the economy since 1990/ 91, there has been a steep reduction in the contribution of agricultural sector to GDP from 55.5 per cent to 34.4 per cent in 2006. In view of the growing radical sectoral change in GDP, drift to urban areas of the growing population of poor is likely to increase sharply. To deal with this problem, no serious institutional attempt has been made. No Five Year Plan in Nepal has addressed the issue of housing the urban poor. This can result in a rapid growth of slum and squatter settlements.

A major constraint of conventional housing finance system in Nepal in the context of low income urban households is the restrictive nature of the prescribed criteria and terms for the grant of housing loans. The formal financial institutions are somewhat inhibited to modify terms to suit the paying capacity of low income households. As is evident, a basic principle of housing finance is the method employed to determine the eligibility of loan applicants. These generally consist of a minimum level of income, an assured flow of income, and provision of acceptable collateral. Given Nepal's highly skewed income distribution, a large majority of the households is clearly barred from access to housing finance at the start. In this context, (Hamdi 2004) questioned whether the poor had access to housing credit. Dhar (2006:336) contended that 'the existing schemes of financing upgradation through formal institutions need important changes in the lending terms. As regards the collateral for the low income households, it is necessary

to have a more flexible approach'. Considering the situation in Nepal, Flatheim and Skjorestad (1993) categorically specified that to cope with this limitation, the government should feel obliged to develop special measures in this regard. The authors identified that this could be done by evolving collateral free programs suited to the circumstances and income patterns of people of limited means. Also another major gap found in most credit instruments in Nepal is the inbuilt rigidities in repayment schedule. Clearly any repayment schedule addressed to the low income households ought to take into account the irregular income flows, and of necessity, must meet the specific requirements of various earning groups. From the foregoing, it can be stated that existing financial system is unlikely to adequately serve the needs of low income urban households.

So far as the conventional housing finance institutions in Nepal are concerned they are bound to be conservative in their lending operations with emphasis on commercial viability. Therefore one alternative would be to create new intermediary link which would overcome some of the limitations inherent in commercial financial mechanism. In this context, the role of NGOs has been emphasized in the strategy. It comes into view that the utilization of the services of the fast increasing NGOs would be a good facilitator as an intermediary in mobilizing the urban poor in an area, especially if they have already been engaged in carrying out some activity in the area. The Indian government's readiness to involve NGOs in housing and infrastructure to the poor communities is reflected in the National Housing Policy (UN HABITAT 2006: 55). Similar successful experiences have been cited by Hamdi (2004) in Mexico city where NGOs agreed to act as guarantors. Studying the Grameen philosophy of Bangladesh, Khalily et al (1995:82), asserted that 'to attain the seemingly conflicting objectives of poverty alleviation and sustainable financial intermediation, an intermediary needs to be innovative in program design and responsive to borrowers' needs'. The Grameen experience has established that intermediation can alleviate the problems the urban poor are facing in getting secured housing. Among the countries that have introduced the housing microfinance intermediary approach are Bolivia, Ghana, Indonesia, the Kyrgyz Republic, Peru, Philippines and Uganda (Ledgerwood and White 2006).

Not all microfinance intermediaries focus on a single economic activity. Many provide financial services for a combination of sectors. However, Ledgerwood (1999) recommended that microfinance intermediaries focus on one sector until they have developed a sustainable approach before developing new services, which is rational. Thus, the focus in our context is housing for the urban poor. The primary role of the housing microfinance intermediary shall be to provide financial intermediation. This would involve the transfer of funds from the formal financial institutions to the recipients. Methods of credit delivery can generally be divided into two broad categories of individual and group approaches, based on how the intermediary delivers and guarantees its loans (ibid.). Individual loans are delivered to individuals based on their ability to provide the intermediary with assurances of repayment and some level of security. Group-based approaches make loans to groups- that is, either to individuals who are members of a group and guarantee each other's loans or to groups that subloan to members.

The group-based approach has been recommended in the strategy. There are several advantages of group-based lending in microfinance system. One important feature of group-based lending is the use of peer pressure as a substitute for collateral. The group-based lending would target the urban poor, who cannot meet the traditional collateral requirements of formal financial institutions. Instead, group guarantees are established as collateral substitutes. The presumption is that group guarantees involve the strict joint liability of group members. The default of one member would mean that further lending to other members of the group would be stopped until the loan is repaid. The financial and social grouping brings about several types of group dynamics that would increase repayment rates. For example, peer pressure from other group members will act as a repayment incentive since members do not want to let down other members of their group or suffer any social sanctions imposed by it as a result of defaulting. In other cases, the group may recognize a legitimate reason for the amount overdue of a certain member and may offer to help until the problem is resolved or the mandatory savings of group members may be used to pay off the remaining loan of a defaulter.

Hamdi (2004) found that studies in Mexico city showed how this kind of social cooperation is one of the most important resources of the poor, a way in which the social risk of individuals is insured collectively. The author viewed the phenomenon of people organizing collectively as ‘an important dimension of urban livelihood systems’ (ibid.:25).

Another advantage of group lending is that it may reduce certain institutional transaction costs. Virmani (2004: 87) affirmed that ‘empowerment of the people requires the promotion of self-help groups and non-governmental organization in social development and transaction costs. Housing microfinance to the poor should be provided on group loan principles through self-help groups’. By shifting screening and monitoring costs to the group, the intermediary can reach a large number of users even in the face of uneven information through the self selection of group members. One of the reasons that self selection is significant is that members of the same community will generally have excellent knowledge about who is a reliable credit risk and who is not. It is perceived that people are very careful about whom they admit into their group, given the threat of losing their own access to housing credit. Hence group formation shall be an essential component in the strategy. In addition to cost reduction through internal group monitoring and screening of users, intermediaries using group based lending save by using a ranked structure. Typically, the loan administrators will not deal with individual group members but rather collect repayment from a group or group leader, thereby reducing transaction costs. Puhazhendhi (1995) established that financial institutions that use intermediaries and the group based approach reduce transaction costs more successfully than institutions that work directly with the users.

Gerda et al (1997) defined the role of groups in financial intermediation:

Parameters for effective use of groups

- (a) Groups are more effective if they are small and consistent.
- (b) Imposing group penalties and incentives (such as no access to further loans while an individual is in default) improves loan performance.

(c) Staggered disbursements to group members can be based on the repayment performance of other members.

Advantage of using groups

- (a) Economics of scale (larger number of users with minimal increases in operating costs).
- (b) Economics of scope (an increased capacity to deliver multiple services through the same group mechanism).
- (c) Moderation of information related to potential borrowers and savers through the group's knowledge of individual members.
- (d) Reduction of moral hazard risks due to group monitoring and peer pressure.
- (e) Substitution of joint liability for individual collateral, serves as social collateral.
- (f) Improved loan collection through screening and selecting, peer pressure and joint liability as penalties and incentives are assimilated in the credit terms.
- (g) Improved savings mobilization as incentives are incorporated in a group scheme.
- (h) Lower administrative costs in selection, screening and loan collection once the initial investment is made in establishing and educating the groups.

Joshi (2006) stated that there are broadly three different models under the financial intermediary (NGO) linkage approach:

Model I- Where the NGO acts as promoter and facilitator in bringing the beneficiaries in contact with the financial institution, which directly provides the loan to the beneficiaries.

Model II- Where the NGO acts as financial intermediary in the sense that it identifies/ endorses the beneficiaries, trains them and also provides them loan after availing the same from the financial institution.

Model III- Where the financial institutions themselves promote beneficiaries without any assistance from the NGOs and provide loan to the beneficiaries directly.

Model I has been recommended as it would assist in overcoming the following:

- (a) Genuine difficulty in identification of borrowers and establishing direct dialogue with them for formal financial institutions.
- (b) Cumbersome and time consuming documentation and procedures of the financial

institutions and funding agencies in processing of the loans.

(c) Lack of area based approach for development.

(d) Absence of timely credit.

(e) The urban poor are by and large engaged in selected activities. Their lack of market exposure and methods restricts the level of operation to suit the formal demand.

It is to be taken note of that the proposed strategy has been based on the finding that the formal financial sector in Nepal has not made any significant contribution for providing housing finance to the low income urban households and that they on their own are not able to access loans from the formal financial sector in the normal course because of their inability to satisfy eligibility conditions. Investigations revealed that low income urban households are not generally availing of housing loan facilities extended by the formal financial system.

Sharma (1998) affirmed that 86.8 per cent of households in Nepal borrow from informal sources compared with only 20.3 per cent that borrow from formal sources. The reasons for the dominance of informal credit sources are (a) simple lending procedure (b) personalized service (c) greater accessibility and locational proximity (d) loans not purpose specific and can be used for any purpose including consumption and social purposes (e) flexible lending terms (f) loans extended on personal trust without physical collateral (g) loan available in required amount and at required time (h) very low transaction/ borrowing costs. The reasons for low institutional credit access were cited as: (a) lack of orientation (b) requirement of conventional individual collateral and (c) cumbersome lending procedures.

Among the causal factors identified by Gurugharana (1998) for the deterioration of poverty in Nepal, lack of access of poor people to institutional credit has been underscored. The growth of urban banking and finance sector undertakings in Nepal has had very little positive impact on the overall urban poverty alleviation, if any, mainly because such institutions are practically detached from the vast urban informal sector. These have helped to compound inequalities. In this context, it becomes effective to

perceive how this issue of collateral/mortgage has been undertaken regionally. In order to overcome some of the limitations connected with housing funds for the urban poor, an experiment had been carried out in Delhi, India so that a program could be provided to address the issues of housing the urban poor. A forum called Punervaas has kept the objective of promoting financial institutions to supplement incomes to address the issue of housing the low income urban households (Virmani 2004). The method was to locate an agreeable NGO who may have worked in the concerned area by organizing a group of the urban poor into a community. The NGO would then seek loan from financing institutions based on mortgage of their occupation and skills.

Grameen in Bangladesh and Dragon Bali in Indonesia have done away with the need for the conventional collateral (Christen 1997). The formation of groups and their association with the NGO forms the basis of ensuring the recovery of loans. Grameen Bank has claimed loan recovery to be near 98 per cent. Yunus (2006) asserted that delivering microcredit to the poor is basically a nongovernmental organization activity. For quick expansion of outreach of microcredit, NGOs proves to be the appropriate medium. Thus, it can be concluded that housing microfinance is an affordable tool to fight against the many dimensions of the urban housing poverty challenges. Housing microfinance programs have proved that it is possible to develop sustainable institutional arrangements to serve a large number of poor and marginalized people. A total of 15 million people are being assisted through microfinance programs globally, and out of this 12 million from Asia, 1.5 million from Latin America and 0.5 million from Eastern Europe (Joshi 2006). Christen (1997) wrote that successful programs often incorporated community knowledge in the processes of selection, administration and collection.

Some of the reservations about microfinance found are (a) that poor people do not repay loans and (b) that micro finance programs can not be run in commercial funding sources. The first challenge: loan repayment. Work done by Grameen in Bangladesh and Accion Comunitaria del Peru in Peru have developed a variety of methods that achieved sustained loan repayment rates above 95 per cent. The conception that poor

people represent a very high credit risk because they operate in environments with business risk or because they lack practice in the rules of formal finance has been invalidated. Microfinance programs have thrown light on these clarifications by demonstrating that repayment depends essentially on factors within the control of the lending institution. The poor value the opportunity to improve their lives when provided.

The second challenge: accessing commercial funding. Christen (1997) affirmed that development driven microfinance has achieved rudimentary operational viability. It is able to give loans with very high recovery rates. Borrowers are willing to pay the overhead cost of delivering the credit. This prospect can lead to a great increase in the availability of resources from formal financial institutions to support microfinance. By way of example, estimates of the market for microfinance in Bolivia is approximately U.S. \$ 300 million, out of which donor financing has been only U.S. \$ 12 million; the rest has been from private financial institutions (ibid.).

In the context of Nepal, the willingness of private and government financial institutions to lend their own resources through microfinance intermediaries would provide a critically important credibility to microfinance and demonstrate that this activity has validity. At times, intervention by the government may be necessary. This credibility would also strengthen the urban poor's savings into this type of institution. It is perceived that the best prospect for ensuring the institutional durability of microfinance will be its incorporation into the mainstream of formal finance through microfinance intermediaries. In Indonesia, a private bank, Bank Dragon Bali, has been providing microfinance services successfully.

The major variables that will determine the housing microfinance intermediary NGO's risk classification system are (a) past and present experience (b) type of methodology used in making loans and (c) nature of the beneficiary group. Each of these factors independently affects the probability that a loan will be paid back. As the microfinance becomes regulated, the NGOs would have to develop risk classification schemes in order to justify the special treatment they will require on the part of financial administration in relation to provisioning policy.

An investigation carried out by an international nongovernmental organization, Actionaid Nepal, recognized that NGOs have been recognized as important avenues in addressing the issues of poverty in Nepal (Actionaid Nepal 2004:27-34). But at the same time the financial intermediaries face new problems because they are not part of the formal financial structure. It is recommended that NGOs be allowed to assume the role of formal financial intermediaries to focus on the subject of housing the urban poor. It is clear that the formal finance institutions should be encouraged to fulfill their social obligations. Some of the considerations which should be kept in mind while preparing policies for creating housing microfinance intermediaries are: (a) the most important consideration is that the law should be designed in such a way that it becomes attractive for the intermediaries (NGOs) for their formal participation (b) The second important consideration is that a regulatory body should also be created simultaneously to oversee the operation of the microfinance intermediaries and to facilitate their activities. Microfinance regulatory body should be independent from the formal financial institutions. It can be created in the form of a commission (c) The law may allow creation of microfinance banks with several options in terms of operational areas and levels of services.

Concluding remarks

In conclusion, it would be in order to mention that the attention has been confined mainly to urban squatters and slum dwellers. In the context of the urban poor, it would be coherent to underline the need for an integrated approach to housing. It should be comprehended that merely providing shelter serves little purpose unless supplemented by efforts to correspondingly increase the affordability of the urban poor by raising their earning level through creating job opportunities. Community based urban housing microfinance system has a clear edge over other systems especially in the framework of cost recovery and affordability. The need for devising flexible lending instruments in Nepal to suit the specific circumstances and nature of most urban low income households should be kept high on the list of priorities, and saving habit must be inculcated through formation of groups. The emphasis is on fullest recovery.

The contributions of the thesis are

- Revelation that the urban poor can get access to housing through their own talents and savings, with the establishment of NGOs as the intermediary between the loan providers and the urban poor and this through micro finance. An appropriate governmental agency being the facilitator and regulator
- Government should be made to understand that the enabling approach does not mean its complete withdrawal from housing development process for the poor. It has a principal role in creating a legal, institutional and regulatory environment
- The formulated research hypotheses have been found to be correct.

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APPENDIX 1: QUESTIONNAIRE

Questionnaire written in the Nepali language was used in the field.

Name: _____ Age: _____
Gender: _____ Caste: _____
Religion: _____ Education: _____

Duration of stay: years

- (i) First generation (ii) Second generation:
(iii) Third generation

Family structure:

- (i) Joint (ii) Nuclear

Address of your house:

Number of people living in the house

Family members/Age/Education level/Profession

Male

Female

How many members of your family are economically active?

Total number of residents in the household

Family

Renters

What is the total built up area of the house?

Total number of rooms, including kitchen:

Total number of toilets?

If rooms are rented, what is the average rent per room per month?

What is your work place location ?

Family members

Renters

Family Economics:

Average family income per month:

Average family expense per month:

Did your family take any loan in the last year?

If, yes, purpose of taking the loan?

Amount:

Source:

What kind of health problem did your family have last year?

Diarrhea Jaundice Worms Typhoid Pneumonia Other None

What is your place of origin?

In which year did you migrate?

Do you still have property in your place of origin?

Land House

What is the reason for your migration?

Land deficiency Lack of job opportunity Better lifestyle Other

Do any of your family members live in your place of origin?

How has your family been meeting your housing needs?

What is your idea of the housing environment that should be in place?

What do you expect from the government/society?

Why do you think you deserve assistance/support?

The responses will be used only for the purpose of research. This researcher will be grateful if suggestions are made available in the following address:

Mahesh Shrestha (Name of researcher)

Department of Architecture, Institute of Engineering, Pulchowk Campus, Lalitpur

APPENDIX 2: NEPAL, FOOD BASKET COMPOSITION OF POVERTY LINE, NLSS I AND NLSS II

	Food item	Grams per day
1.	Fine rice	26.40
2.	Coarse rice	219.35
3.	Beaten rice	3.50
4.	Maize	59.10
5.	Maize flour	40.45
6.	Wheat flour	92.64
7.	Millet	35.91
8.	Black pulse	1.92
9.	<i>Masoor</i>	8.25
10.	<i>Rahar</i>	1.03
11.	Gram	0.73
12.	Eggs	0.49
13.	Milk	31.06
14.	Baby milk	0.01
15.	Curd	1.22
16.	<i>Ghee</i>	1.19
17.	Vegetable oil	0.22
18.	Mustard	7.42
19.	Potatoes	29.15
20.	Onions	5.90
21.	Cauliflower	4.10
22.	Tomatoes	2.43
23.	Bananas	3.74
24.	Citrus fruit	0.85
25.	Mangoes	5.04
26.	Apples	0.38
27.	Pineapple	0.10
28.	Papaya	1.71
29.	Fish	1.73
30.	Mutton	1.66
31.	Buffalo	1.81
32.	Chicken	1.09
33.	Salt	13.44
34.	Sugar	3.58
35.	<i>Gur</i>	0.78
36.	Sweets	1.93
37.	Tea	0.26

Source: CBS 2005

APPENDIX 3: SUMMARY STATISTICS OF HOUSEHOLDS IN NEPAL

Description	2003/04
Percent of households occupying housing units for rent	5.4
Average size of dwelling unit (sft)	531
Percent of households living in structures with	
Cement bonded walls	18.3
Concrete roof	13.6
Galvanized sheet roof	21.0
Cement/ tile floor	15.2
Percent of households with access to electricity	37.2
Percent of households having access to piped water	43.9
Percent of households with own toilet facility	38.7

Source: CBS 2004: NLSS I: Table 3.0

APPENDIX 4: POVERTY LEVEL IN KATHMANDU

Category	HH no.	%	Persons	%	Household size
Poor	350	7.8	2955	12.6	8.4
Lower middle	1331	29.7	7707	32.9	5.8
Middle	2035	45.5	9724	41.5	4.8
Upper	760	17	3033	13	4
Total	4476	100	23419	100	5.2

Source: Lumanti 2005

Note:

The poverty range had been defined in the following way:

Rs	Status
<12,000	poor
12,00 – 25,000	lower medium
25,001 – 60,000	medium
>60,000	upper medium and rich

APPENDIX 5: DISTRIBUTION OF HOUSE, HOUSEHOLD AND AVERAGE HOUSEHOLD PER HOUSE, 2001

Area	House	Household	Average household per house
Nepal	3,598,212	4,174,374	1.16
Urban	436,533	664,507	1.52
Rural	3,161,679	3,509,867	1.11

Source: CBS 2003, Special Tabulation: National Population Census 2001

APPENDIX 6: MAJOR POVERTY RELATED DEVELOPMENTAL EXPENSE

(RS BILLION)

Sector	Budget FY 2002/ 03
Education	2.34
Basic and primary education, scholarship and women's education	
Health	
Basic health and family planning	1.55
Drinking water supply and sanitation	3.53
Rural electrification	
Rural electrification and distribution alternate energy	1.47
Agriculture	
Programs for increasing agriculture productivity, crop diversification, research, extension and training	2.06
Irrigation	2.58
Income generating forestry activities	0.15
Rural infrastructure development	5.20
Grant to local communities	2.87
Skill development (only of Ministry of Education, Ministry of Industry and Ministry of Labour)	2.77
Poverty alleviation fund	0.17
Micro credit	1.47
Total	26.16

Source: NPC 2003: The Tenth Plan: Poverty Strategy Paper 2002- 2007

APPENDIX 7: GDP PER CAPITA (2005) IN U.S.\$ OF THE COUNTRIES LISTED
WITH THE INTERNATIONAL MONETARY FUND

Rank	Country	GDP per capita	Rank	Country	GDP per capita
1	Luxembourg	80,288	17	Australia	34,740
2	Norway	64,193	18	France	33,918
3	Iceland	52,764	19	Germany	33,854
4	Switzerland	50,532	20	Italy	30,200
5	Ireland	48,604	21	United Arab Emirates	27,700
6	Denmark	47,984	22	Spain	27,226
7	Qatar	43,110	23	Singapore	26,836
8	United States	42,000	24	New Zealand	26,464
9	Sweden	39,694	25	Kuwait	26,020
10	Netherlands	38,618	26	Brunei	25,754
11	Finland	37,504	27	Hong Kong	25,493
12	Austria	37,117	28	Greece	20,327
13	United Kingdom	37,023	29	Cyprus	20,214
14	Japan	35,757	30	Israel	19,248
15	Belgium	35,712	31	Bahrain	18,403
16	Canada	35,133	32	The Bahamas	18,062

Rank	Country	GDP per capita	Rank	Country	GDP per capita
33	Portugal	17,456	49	Croatia	8,675
34	Netherlands Antilles, Netherlands	17,270	50	Seychelles	8,556
35	Slovenia	16,986	51	Poland	7,946
36	South Korea	16,308	52	Lithuania	7,446
37	Republic of China (Taiwan)	15,203	53	Mexico	7,298
38	Malta	13,803	54	Chile	7,124
39	Saudi Arabia	13,410	55	Latvia	6,862

40	Oman	12,664	56	Libya	6,696
41	Trinidad and Tobago	12,625	57	Botswana	6,439
42	Czech Republic	12,152	58	Gabon	6,397
43	Barbados	11,088	59	Equatorial Guinea	6,205
44	Saint Kitts and Nevis	10,895	60	Lebanon	6,034
45	Hungary	10,814	61	Russia	5,349
46	Antigua and Barbuda	10,727	62	Uruguay	5,274
47	Estonia	9,727	63	South Africa	5,106
48	Slovakia	8,775	64	Turkey	5,062

Rank	Country	GDP per capita	Rank	Country	GDP per capita
65	Malaysia	5,042	81	Dominican Republic	3,411
66	Mauritius	5,029	82	Turkmenistan	3,406
67	Venezuela	5,026	83	Fiji	3,349
68	Saint Lucia	4,963	84	Algeria	3,086
69	Argentina	4,799	85	Belarus	3,031
70	Panama	4,794	86	Namibia	3,022
71	Grenada	4,670	87	Serbia	2,880
72	Costa Rica	4,620	88	Peru	2,841
73	Romania	4,539	89	Tunisia	2,829
74	Brazil	4,320	90	Republic of Macedonia	2,810
75	Belize	4,146	91	Iran	2,767
76	Saint Vincent and the Grenadines	3,950	92	Ecuador	2,761
77	Dominica	3,947	93	Albania	2,673
78	Kazakhstan	3,717	94	Thailand	2,659
79	Jamaica	3,657	95	Colombia	2,656
80	Bulgaria	3,459	96	Suriname	2,637

Rank	Country	GDP per capita	Rank	Country	GDP per capita
97	El Salvador	2,468	113	Azerbaijan	1,493
98	Bosnia and Herzegovina	2,384	114	Georgia	1,480
99	Maldives	2,350	115	Syrian Arab Republic	1,464
100	Swaziland	2,336	116	Paraguay	1,288
101	Jordan	2,317	117	Indonesia	1,283
102	Angola	2,129	118	Egypt	1,265
103	Tonga	2,106	119	Sri Lanka	1,200
104	Cape Verde	2,066	120	Philippines	1,168
105	Guatemala	1,995	121	Honduras	1,148
106	Samoa	1,832	122	Armenia	1,140
107	Republic of the Congo	1,785	123	Bhutan	1,126
108	Ukraine	1,766	124	Guyana	1,039
109	Morocco	1,713	125	Bolivia	993
110	People's Republic of China	1,709	126	Djibouti	973
111	Iraq	1,700 ^[2]	127	Cameroon	952
112	Vanuatu	1,530	128	Côte d'Ivoire	900

Rank	Country	GDP per capita	Rank	Country	GDP per capita
129	Moldova	861	145	Solomon Islands	611
130	Nicaragua	850	146	Benin	592
131	Sudan	820	147	Yemen	586
132	Senegal	738	148	Kenya	560
133	Mongolia	736	149	Ghana	512
134	Pakistan	728	150	Laos	485
135	India	705	151	Haiti	478
136	Nigeria	678	152	Kyrgyz Republic	473
137	Kiribati	672	153	Uzbekistan	444
138	Mauritania	663	154	Mali	432
139	Papua New Guinea	662	155	Burkina Faso	430

140	Chad	654	156	Cambodia	430
141	Zambia	627	157	São Tomé and Príncipe	430
142	Lesotho	621	158	Bangladesh	400
143	Vietnam	618	159	Zimbabwe	383
144	Comoros	615	160	Togo	377

Rank	Country	GDP per capita	Rank	Country	GDP per capita
161	Tajikistan	364	172	Niger	274
162	Guinea	355	173	Rwanda	242
163	Timor-Leste	352	174	Sierra Leone	223
164	Tanzania	336	175	Myanmar	219
165	Central African Republic	335	176	Eritrea	209
166	Mozambique	331	177	Guinea-Bissau	190
167	Nepal	322	178	Liberia	161
168	The Gambia	306	179	Malawi	161
169	Uganda	303	180	Ethiopia	153
170	Afghanistan	300	181	Democratic Republic of the Congo	119 ^[3]
171	Madagascar	282	182	Burundi	107

Source: International Monetary Fund 2006

Note: Gross Domestic Product (GDP) per capita is taken as the value of all final goods and services produced in US\$ within the country for the year 2005, divided by the average population for the same year.

APPENDIX 8: PROGRAMS AND ESTIMATED BUDGETS: NEPAL: HOUSING,
BUILDING AND URBAN DEVELOPMENT

Projects	(Rs in million)
First priority projects	
1. Prepare digital maps of suitable scale in all municipality areas as specified in the Local Self-governance Act, 1998 and provide the maps to the concerned municipalities	90.0
2. Prepare urban development and building construction standards and moderate the existing norms	4.5
3. Assist municipalities to prepare sectoral master plans of periodic plan	45.0
4. Assist municipalities to prepare participative annual budgets as per the Local Self-governance Act, 1998 (Urban Development)	45.0
5. Urban environment improvement programs in towns around the valley	90.0
6. Develop well managed markets in small towns and market centres	90.0
7. Conduct skill training and transfer of technology through community mobilization in rural and urban areas for economic development by village-municipality linkages	18.0
8. Carry out urban infrastructure improvement program in Kathmandu valley	67.5
9. Complete construction of Vishnumati link road (Kathmandu valley)	81.0
10. Implement long term concept of Kathmandu valley	18.0
11. Prepare and implement urban development, joint housing and real estate business act and regulations	0.9

Projects	(Rs in million)
12. Hand over economical and reliable local construction materials and technologies based on research and experiment through publicity (housing)	20.3
13. Prepare plans to execute the dense settlement programs in different parts of the kingdom (rural settlement)	18.0
14. Carry on updating of the documentation of government buildings	9.0
15. Carry out task of physical infrastructure management in Singha Durbar complex	18.0
16. Train concerned officials, inspectors, construction entrepreneurs, consultants along with local artisans about building codes	13.5
17. Make provision of emergency relief shelters for immediate relief (disaster)	18.0
18. Prepare and implement master plans for sustainable development of special areas (Area development of special importance)	45.0
19. Renovate the temples, religious places of refuge, stone spouts, etc. that have special importance in national life and improve the environments of these areas	15.8
Total	707.4
Percent	62.8
Second priority programs/projects	
20. Carry out the healthy city program (urban development).	68.6

Projects	(Rs in million)
21. Provide suitable training to employees of municipalities in planning, financial management, institutional reform, etc. (urban development)	1.7
22. Carry out land development program (integration of land, directed land development program) out of the valley with the participation of local elected bodies. For this, HMG will play the role of auxiliary and facilitator	6.9
23. Improve the environment of unplanned settlements of urban and urbanizing areas in order to ensure systematic physical infrastructure and housing with local people's participation (urban development)	24.0
24. Prepare physical development plans of rural market centres , small towns and markets	3.4
25. Prepare provincial plans according to the priority by identifying economic growth centres (urban development).	0.7
26. Programs of constructing physical infrastructure and reform agenda in small towns and market centres will be carried out in order to strengthen the village-town linkage	61.7
27. Municipalities will set up urban development fund in order to provide loans and skills for the promotion of sustainable self-employment	13.7
28. Establish infrastructure for the development of e-commerce in urban and rural market centres	20.6
29. Initiate land development programs through joint investment of HMG and private sector to cater the increasing need of homesteads	34.3

Projects	(Rs in million)
30. Arrange necessary assistance to encourage the studies and research by the private sector for technology development (housing)	6.9
31. Run programs with private sector's participation to fulfill the increasing demand of housing and develop collective joint housing, etc. as intended by the national housing policy	30.9
32. Complete the construction of the two buildings of Ministries of Finance and Land Reform, wall of the Singha Durbar complex and security press building	102.9
33. Take initiatives in transferring high level technologies by increasing the involvement of national consultants and construction entrepreneurs in large building construction projects	0.7
34. Strengthen (institutional) the Department of Urban Development and Building Construction	9.3
Total	386.3
Percent	34.3
Third priority programs/projects	32.4
Percent	2.9
Grand total	1226.0

Source: NPC 2002

APPENDIX 9: INDIAN STANDARD IS 8888 (PART I): 1993

REQUIREMENTS OF LOW INCOME HOUSING- GUIDE: PART I URBAN AREAS
(FIRST REVISION)

Layout pattern

In the land to be developed, at least 75 per cent of the plots may be of the size less than or up to 60 sq.m. per dwelling unit in metropolitan towns and 100 sq.m. in other towns. Remaining 25 per cent of the plots may be more than 60 sq.m., however, no plot shall be more than 200 sq.m. In the case of group housing at least 75 per cent of the units shall have a plinth area (excluding external circulation) up to or not exceeding 40 sq.m.

Plot area

The minimum plot size with ground coverage not exceeding 75 per cent, shall not be less than 40 sq.m. in small and medium town and not less than 30 sq.m. in metropolitan cities. Plot sizes of below 30 sq.m. but not less than 15 sq.m. may be permitted in case of cluster planning. The minimum frontage of the plot shall be 3.6 m in width

Note: In exceptional cases in metropolitan cities of more than one million, the size of plots may be brought down to 25 sq.m. in cases of low income housing colonies located in congested areas as decided by the authorities.

Density

The density norms for plotted development and mixed development shall be as follows:

Type of development	Range of densities (gross)
plotted development	65-120 plots per hectare
mixed development	
small towns	75-100 dwelling units per hectare
cities	100-125 dwelling units per hectare
metropolitan cities	125-150 dwelling units per hectare

In case of developments with per dwelling unit covered area of 15 sq.m., maximum densities of 500 dwelling units per hectare shall be permissible. The height of the building shall not exceed 15 m.

Size of room

Every dwelling unit to be provided should have at least two habitable rooms. Even if a one room house is provided initially, it should be capable of adding a new

second room in future. However, in case of single room tenements are required to be provided where future additions are not possible, the carpet area of the of the multi purpose single room should be at least 15.5 sq.m. In a unit of two rooms, first room shall not be less than 9 sm with minimum width of 2.5 m and second room shall not be less than 6.5 sq.m. with a minimum width of 2.1 m provided the total area of both the rooms is not less than 15.5 sq.m.

The width of individual balcony, where provided, shall not be more than 1.2 m and it shall not project beyond the plot line and on roads or pathway.

WC bathroom

Size of independent WC shall be .90 sq.m. with minimum width of 90 cm. Size of independent bathroom shall be 1.2 sq.m. with minimum width of 1 m., and size of combined bathroom and WC shall be 1.8 sq.m. with minimum width of 1 m.

Minimum height

The minimum height of room spaces shall be as follows:

Habitable room	2.6 m.
Kitchen	2.6 m.
Bathroom/ WC	2.1 m.
Corridor	2.1 m.

In the case of sloping roofs, the average height of roof for habitable rooms shall be 2.6 m. and the minimum height at eaves shall be 2 m.

Lighting and ventilation

The openings through windows, ventilators and other openings for lighting and ventilation shall be as follows:

One-tenth of the room floor area for dry hot climate

One-sixth of the room floor area for wet-hot climate.

Stairs

The following criteria shall be adopted for internal individual staircase:

Minimum width

2 storied – straight	0.6 m.
2 storied – winding	0.75 m.
3 or more storied – straight	0.75 m.

3 or more storied – winding	0.9 m.
Riser	20 cm. maximum
Tread	
2 storied	22.5 cm. minimum
3 storied or more	25 cm. minimum

The minimum clear headroom shall be 2.1m. Circulation area on any floor including staircase shall not exceed more than 8 sq.m.

Roads and pathways

The area under roads and pathways in such housing projects should normally not exceed 20 per cent of the total land area. Access to the dwelling units, particularly where motorized vehicles are not normally expected should be by means of paved footpaths with a right of way of 6 m and a pathway of 2 m. The right of way should be adequate to allow for the plying of emergency vehicles and also for road side drains.

Where motor able access ways are not provided and pedestrian pathways are provided, the minimum right of way of such pedestrian pathway shall be 3 m. Where units are accessible from one side only pathway can be 2 m. width.

Source: Bureau of Indian Standards (1993)

APPENDIX 10: EXISTING HOUSING CONDITIONS IN NEPAL

(Households by per cent unless mentioned otherwise)

	Particulars	National	Urban	Rural
	STOCK BY HOUSING TENURE			
1	Squatter	7.81	9.09	7.64
	Traditional (Urban)	0.53	4.28	0
	<i>Kuchcha</i>	42.18	8.25	46.94
	Semi- <i>pucca</i>	41.18	37.09	41.76
	<i>Pucca</i>	8.30	41.27	3.67
2	STOCK BY TENURE			
	Squatter	7.21	8.61	7.02
	Renters	6.70	24.46	4.28
	Owners			
	Owner- builder	18.33	12.87	19.07
	Owner- purchaser	2.79	3.47	2.70
	Owner- occupier	64.97	50.59	66.93
3	OVER- CROWDING INDICES			
	Total DU size (sq.ft.)	867.50	780.80	879.30
	Per capita space (sq.ft./ person)	155.30	134.70	158.20
	Number of persons per room	2.20	2.00	2.20
4	HOUSEHOLD INCOME			
	Median monthly HH income (Rs)		2517.00	1264.00
	Average monthly HH income (Rs)	2313.60	4200.70	2059.10
	Average monthly/ capita income (Rs)	432.90	747.50	390.50

5	LEVEL OF SERVICES			
	<i>Toilet</i>			
	Indoor toilet	5.58	37.23	1.27
	Outdoor toilet	17.85	33.66	15.70
	Open space	58.98	22.57	63.93
	<i>Cooking fuel type</i>			
	Firewood	84.45	55.03	88.42
	Electricity	0.83	0.79	0.83
	<i>Illumination type</i>			
	Electricity	29.98	82.09	22.91
	Kerosene	68.96	17.21	75.98
	<i>Drinking water source</i>			
	Piped water supply			
	In-house	28.08	33.52	27.66
	Public stand pipe	0.12	0.56	0.08
	Other	71.81	65.91	72.27
6	MAJOR PROBLEMS FACED IN LAST 10 YEARS			
	Fire	2.25	0.92	2.38
	Wind	36.15	12.79	38.46
	Leaking roof	6.30	13.71	5.57
	Damp wall	1.69	7.86	1.08
	Damp floor	0.55	2.00	0.40
7	CONDITION OF HOUSE			
	Good	20.60	26.34	19.82
	Average	67.61	61.98	68.37
	Bad	11.80	11.68	11.81

8	SATISFACTION LEVEL OF PRESENT HOUSE			
	Very satisfied	3.97	10.91	3.02
	Satisfied	63.37	66.37	62.97
	Dissatisfied	32.67	22.72	34.02
9	HOUSEHOLD CHARACTERISTICS			
	Family size	6.30	6.30	6.40
	Family members illiterate	3.40	2.10	3.60
	Number of income earners	2.50	1.90	2.60
10	MAJOR CHARACTERISTICS BY HOUSEHOLD INCOME LEVEL			
10.1	Lower income tenure (under median HH income)			
	Family size		5.30	5.60
	Family members illiterate		2.40	3.90
	Monthly household income (Rs)		1537.80	719.00
	Monthly per capita income (Rs)		360.80	153.90
	Number of income earners		1.60	2.30
	Total dwelling unit size (sq.ft.)			542.00
	671.70			
	Per capita dwelling unit size (sq.ft.)		112.20	142.30
	Number of persons per room		2.30	2.50
10.2	Upper income tenure (under median HH income)			
	Family size		7.40	7.20
	Family members illiterate		1.80	3.30
	Monthly household income (Rs)		6928.30	3319.50

Monthly per capita income (Rs)	1143.60	607.10
Number of income earners	2.30	2.90
Total dwelling unit size (sq.ft.)	032.80	1085.60
Per capita dwelling unit size (sq.ft.)	157.90	174.20
Number of persons per room	1.70	2.00

(MHPP 1996)

APPENDIX 11: LITERACY RATES BY AGE GROUP AND URBAN/ RURAL AREA
(PER CENT)

Age group (years)	Urban Nepal			Rural Nepal			Nepal		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
6-9	69.3	62.2	65.8	37.1	33.6	35.4	40.8	36.7	38.8
10-14	93.6	86.1	90.0	75.1	65.0	70.3	77.5	67.7	72.8
15-19	93.1	89.5	91.4	85.8	64.0	74.4	87.0	67.8	77.1
20-24	94.9	83.1	88.8	80.1	50.8	62.4	83.4	56.3	67.5
25-29	93.4	79.9	86.0	70.7	33.3	48.2	75.3	41.1	55.1
30-34	90.0	69.3	79.3	63.9	25.0	42.0	69.0	32.4	48.7
35-39	87.5	55.2	70.7	62.5	16.4	36.6	67.9	23.7	43.4
40-44	82.6	53.0	68.0	49.0	11.0	28.1	56.1	18.3	35.7
45-49	83.7	45.1	63.3	48.5	10.4	28.2	54.3	16.0	33.8
50-54	77.6	37.9	59.9	39.0	3.8	19.3	45.4	7.5	24.7
55-59	66.0	19.1	41.6	37.7	2.6	21.6	41.7	5.5	24.7
60>	60.2	16.6	38.6	29.3	1.7	16.0	34.4	4.3	19.8
Nepal	84.5	64.2	74.4	59.3	34.3	46.1	63.5	38.9	50.6

Source: CBS 2004 Vol.I

APPENDIX 12: NEPAL 1995- 96 AND 2003- 04, DISTRIBUTION OF REAL (1995-96 AVERAGE NEPAL PRICES) PER CAPITA EXPENDITURE)

	Real mean per capita expenditure		Change	
	Rs per year		(in per cent)	
	1995- 96	2003- 04	over 8 year period	annual
Kathmandu	20,130	26,832	33	3.66
Other urban	11,309	17,229	52	5.40
Rural western hill	5,953	7,774	31	3.39
Rural eastern hill	7,447	7,812	5	0.60
Rural western Tarai	6,190	8,976	45	4.76
Rural eastern Tarai	7,034	9,225	31	3.45
Urban	14,536	20,633	42	4.48
Rural	6,694	8,499	27	3.03
1 (lowest quintile)	2,898	3,524	22	2.47
2	4,347	5,186	19	2.23
3	5,687	7,121	25	2.85
4	7,683	10,255	33	3.68
5 (highest quintile)	15,477	25,387	64	6.38
Nepal	7,235	10,318	43	4.54

Source: CBS 2005b

APPENDIX 13: LEVEL OF INCOME BY HOUSEHOLD BY WARDS IN
KATHMANDU

Ward/ category	Per cent	Poverty rank
1		35
Lower middle	1.9	
Middle	56.3	
Upper	41.7	
Total	100.0	
2		15
Poor	5.4	
Lower middle	34.2	
Middle	51.4	
Upper	9.0	
Total	100.0	
3		2
Poor	3.6	
Lower middle	62.9	
Middle	32.9	
Upper	0.7	
Total	100.0	
4		13
Poor	7.3	
Lower middle	33.3	
Middle	42.0	
Upper	17.3	
Total	100.0	
5		12
Poor	4.5	
Lower middle	39.1	
Middle	43.6	
Upper	12.7	
Total	100.0	
6		9
Poor	11.4	
Lower middle	36.1	
Middle	39.2	
Upper	13.3	
Total	100.0	
7		14
Poor	7.0	
Lower middle	33.7	
Middle	48.1	
Upper	11.2	
Total	100.0	

8		8
Poor	11.4	
Lower middle	39.0	
Middle	39.0	
Upper	10.5	
Total	100.0	
9		31
Poor	5.2	
Lower middle	13.1	
Middle	60.1	
Upper	21.6	
Total	100.0	
10		32
Poor	3.1	
Lower middle	14.0	
Middle	47.7	
Upper	35.2	
Total	100.0	
11		3
Poor	18.9	
Lower middle	41.4	
Middle	33.3	
Upper	6.3	
Total	100.0	
12		6
Poor	18.9	
Lower middle	38.7	
Middle	36.0	
Upper	6.3	
Total	100.0	
13		5
Poor	10.3	
Lower middle	47.6	
Middle	29.0	
Upper	13.1	
Total	100.0	
14		34
Poor	1.8	
Lower middle	10.8	
Middle	45.2	
Upper	42.2	
Total	100.0	
15		7
Poor	14.0	
Lower middle	41.5	
Middle	38.6	

Upper	5.8	
Total	100.0	
16		27
Poor	8.8	
Lower middle	20.3	
Middle	53.3	
Upper	17.6	
Total	100.0	
17		30
Poor	3.3	
Lower middle	19.5	
Middle	54.5	
Upper	22.8	
Total	100.0	
18		17
Poor	3.0	
Lower middle	35.6	
Middle	44.6	
Upper	16.8	
Total	100.0	
19		1
Poor	12.2	
Lower middle	55.1	
Middle	30.6	
Upper	2.0	
Total	100.0	
20		11
Poor	11.1	
Lower middle	35.2	
Middle	46.3	
Upper	7.4	
Total	100.0	
21		22
Poor	0.8	
Lower middle	33.9	
Middle	55.9	
Upper	9.4	
Total	100.0	
22		19
Poor	5.2	
Lower middle	31.3	
Middle	52.1	
Upper	11.5	
Total	100.0	

23		4
Poor	24.4	
Lower middle	34.5	
Middle	34.5	
Upper	6.7	
Total	100.0	
24		10
Poor	7.7	
Lower middle	39.6	
Middle	42.9	
Upper	9.9	
Total	100.0	
25		16
Poor	11.6	
Lower middle	27.9	
Middle	40.7	
Upper	19.8	
Total	100.0	
26		20
Poor	2.5	
Lower middle	33.8	
Middle	52.5	
Upper	11.3	
Total	100.0	
27		26
Poor	5.1	
Lower middle	26.3	
Middle	47.5	
Upper	21.2	
Total	100.0	
28		29
Poor	6.1	
Lower middle	20.7	
Middle	58.5	
Upper	14.6	
Total	100.0	
29		33
Poor	1.8	
Lower middle	12.9	
Middle	42.1	
Upper	43.3	
Total	100.0	
30		21
Poor	11.2	
Lower middle	25.0	
Middle	49.1	

Upper	14.7	
Total	100.0	
31		25
Poor	4.0	
Lower middle	28.0	
Middle	52.8	
Upper	15.2	
Total	100.0	
32		28
Poor	19.0	
Lower middle	8.5	
Middle	49.7	
Upper	22.9	
Total	100.0	
33		24
Poor	2.4	
Lower middle	31.3	
Middle	50.0	
Upper	16.3	
Total	100.0	
34		18
Poor	8.7	
Lower middle	29.5	
Middle	49.7	
Upper	12.1	
Total	100.0	
35		23
Poor	4.4	
Lower middle	30.0	
Middle	40.0	
Upper	25.6	
Total	100.0	

Source: Lumanti (2005)

Note: There are 35 wards in Kathmandu

APPENDIX 14: WARDWISE INCOME IN KATHMANDU

Ward number	Income (Rs)
1	25,143,980
2	18,347,311
3	11,598,740
4	27,928,569
5	18,819,540
6	27,456,944
7	32,037,314
8	16,393,178
9	44,558,601
10	56,766,432
11	13,241,818
12	13,784,529
13	24,037,212
14	66,243,974
15	26,485,641
16	35,332,887
17	28,904,105
18	21,932,222
19	12,625,069
20	19,578,192
21	22,018,660
22	19,768,248
23	15,826,139
24	17,159,104
25	19,084,060
26	12,866,310
27	37,465,959
28	17,033,176
29	52,330,000
30	23,813,311
31	30,029,547
32	37,108,851
33	31,024,449
34	26,424,390
35	22,150,961
Total	925,319,423

Source: Lumanti 2005

Note 1 US\$ is equal to Rs 70 (January 2011)

APPENDIX 15: POPULATION SIZE OF URBAN AREAS NEPAL 1952-2001

Municipalities 1952-54	1961	1971	1981	1991	2001	Area km ²	Persons per km ²	
Tarai region								
Bhadrapur		7,499	9,761	15,210	18,145	10.56	1,718.28	
Bharatpur			27,602	54,670	89,323	162.16	550.83	
Biratnagar	8,060	35,355	45,100	93,544	129,388	166,674	58.48	2850.10
Birganj	10,037	10,769	12,999	43,642	69,005	112,484	21.17	5,313.37
Butwal		12,815	22,583	44,272	75,384	69.28	1,088.11	
Damak				41,321	35,009	70.63	495.67	
Dhangadhi			27,274	44,753	67,447	103.73	650.22	
Dharan	13,998	20,503	42,146	66,457	95,332	103.38	922.15	
Gaur					25,383	21.53	1,178.96	
Gulariya					46,011	95.14	483.61	
Inaruwa				18,547	23,200	22.36	1,037.57	
Itahari					41,210	42.37	972.62	
Jaleshwar				18,088	22,046	15.49	1,423.24	
Janakpur	7,037	8,928	14,294	34,840	54,710	74,192	24.61	3,014.71
Kalaiya					18,498	32,260	18.98	1,699.68
Kamalamai						32,838	207.95	157.91
Kapilbastu					17,126	27,170	37.2	730.38
Lahan			13,775	19,018	27,654	20.23	1,366.98	
Mahendranagar			43,834	62,050	80,839	171.24	472.08	
Malangawa	5,551	6,721		14,142	18,484	9.39	1,968.48	
Matihani		5,073						
Nepalgunj	10,813	15,817	23,523	34,015	47,819	57,535	12.51	4,599.12
Rajbiraj		5,232	7,832	16,444	24,227	30,353	11.96	2,537.88
Ramgram						22,630	34.72	651.79
Ratnanagar						37,791	35.62	1,060.95
Siddharthnagar		17,272	31,119	39,473	52,569	36.03	1,459.03	
Siraha						23,988	23.78	1,008.75
Tikapur						38,722	67.11	576.99
Tribhuvannagar		16,194	20,608	29,050	43,126	74.45	579.26	
Triyuga						55,291	319.88	172.85
Tulsipur						33,876	92.22	367.34
Sub total	41,498	101,893	178,031	461,187	827,824	1,506,966	1,994.16	755.7

Municipalities 1952-54	1961	1971	1981	1991	2001	Area km ²	Persons per km ²	
Hill region								
Amargadhi					18,390	138.95	132.35	
Baglung					20,852	18.35	1,136.35	
Banepa	5,688			12,537	15,822	5.56	2,845.68	
Bhaktapur	32,320	33,877	40,112	48,472	61,405	72,543	6.56	11,058.38
Bidur					18,694	21,193	33.48	633
Birendranagar			13,859	22,973	31,381	34.95	897.88	
Byas					28,245	60.02	470.59	
Dasarathchand					18,345	55.01	333.48	
Dhankuta			13,836	17,073	20,668	48.21	428.71	
Dhulikhel				9,812	11,521	12.08	953.73	
Dipayal-Silgadhi				12,360	22,061	73.98	298.2	
Hetauda			34,792	53,836	68,482	47.77	1,4333.58	
Ilam		7,299	9,773	13,197	16,237	26.63	609.73	
Kathmandu	106,579	121,019	150,402	235,160	421,258	671,846	49.45	13,586.37
Kirtipur	7,038	5,764				40,835	14.76	2,766.60
Lalitpur	42,183	47,713	59,049	79,875	115,865	162,991	15.15	10,758.48
Lekhnath						41,369	77.45	534.14
Madhyapur- Thimi	8,657	9719				47,751	11.11	4,298.02
Mechinagar					49,060	55.72	880.47	
Narayan					19,446	67.01	290.2	
Panauti					25,563	31.73	805.64	
Pokhara	5,413	20,611	46,642	95,286	156,312	55.22	2,830.71	
Prithvinarayan					25,783	60.28	427.72	
Putalibazaar					29,667	70.14	422.97	
Tansen	5,136	6,434	13,125	13,599	20,431	21.72	940.65	
Walimg					20,414	34.76	587.28	
Sub total	196,777	234,329	283,907	495,534	867,895	1,677,208	1,126.05	1489.5

Municipalities 1952-54	1961	1971	1981	1991	2001	Area km ²	Persons per km ²
Mountain region							
Bhimeshwar					21,916	65.04	336.96
Khandbari					21,789	91.03	239.36
Sub total					43,705	156.07	280.0
All total	238,275	336,222	461,938	956,721	1,695,719	3,227,879	3276.28

Source: CBS census reports 1952 – 2001

APPENDIX16: ACTUAL AND PROJECTED POPULATION OF KATHMANDU VALLEY

Municipality/VDC	Population						Annual growth rate				
	1971	1981	1991	2001	2011	2021	71-81	81-91	91-01	01-11	11-21
Kathmandu MC	150,402	235,160	421,258	729,690	1,011,105	1,382,298	4.57	6.00	5.65	3.32	3.18
Lalitpur SMC	59,049	79,875	115,865	163,923	229,852	319,655	3.07	3.79	3.53	3.44	3.35
Bhaktapur M	40,112	48,472	61,405	74,707	105,561	147,983	1.91	2.39	1.98	3.52	3.44
Kirtipur M	20,814	24,406	31,339	37,877	46,477	57,030	1.60	2.53	1.91	2.07	2.07
Thimi M	20,640	26,076	31,970	39,988	49,767	61,938	2.37	2.06	2.26	2.21	2.21
Valley VDCs	253,942	327,011	417,072	525,498	577,642	628,344	2.56	2.46	2.34	0.95	0.84
Total valley	544,959	741,000	1,078,909	1,571,683	2,020,404	2,597,248	3.12	3.83	3.83	2.54	2.54
% All M	53.40	55.87	61.34	66.56	71.41	75.81					
VDCs with >10000 pop			1	4	15	34					

Source: Kathmandu Metropolitan City/ The World Bank 2001

APPENDIX 17: NEPAL 1995-96 AND 2003-04, POVERTY MEASUREMENT BY GEOGRAPHIC REGIONS

	Poverty	Poverty		Distribution		Distribution	
	headcount rate published earlier	headcount	rate	of the poor	of population	of population	of population
	1995-96	1995-96	2003-04	1995-96	2003-04	1995-96	2003-04
Nepal	42	41.8	30.8	100.0	100.0	100.0	100.0
Urban	23	21.6	9.6	3.6	4.7	6.9	15.0
Rural	44	43.3	34.6	96.4	95.3	93.1	85.0
NLSS regions							
Kathmandu	4	4.3	3.3	0.3	0.6	2.6	5.4
Other urban	34	31.6	13.0	3.3	4.1	4.4	9.7
Rural western hills/ mts	57	55.0	37.4	32.7	23.6	24.8	19.4
Rural eastern hills/ mts	33	36.1	42.9	19.4	29.4	22.4	21.1
Rural western Tarai	46	46.1	38.1	18.4	18.9	16.7	15.3
Rural eastern Tarai	39	37.2	24.9	25.9	23.5	29.1	29.1
Development regions							
Eastern		38.9	29.3	21.0	23.4	22.5	24.7
Central		32.5	27.1	26.9	32.2	34.6	36.6
Western		38.6	27.1	18.7	16.7	20.3	18.9
Mid- western		59.9	44.8	18.5	17.7	12.9	12.2

Far- western		63.9	41.0	14.8	9.9	9.7	7.5
Ecological belts							
Mountain	56	57.0	32.6	10.7	7.5	7.9	7.1
Hill	41	40.7	34.5	41.9	47.1	43.0	42.1
Tarai	42	40.3	27.6	47.4	45.4	49.2	50.8

Source: CBS 2005 a

Note: In the definition NLSS regions, Western refers to western, mid- western and far- western development; while Eastern refers to eastern and central development regions of Nepal

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APPENDIX 18:CASE STUDY SURVEY FINDINGS

Banshighat, ward number 11,
Kathmandu

	Dambar Banjan	Mohan Tamang	Dal Lama	Chandra Shrestha	Krishna Ramtel
Family structure:	Nuclear	Nuclear	Nuclear	Nuclear	Nuclear
Number of people living in the house	5	5	5	4	4
Total number of households	1.00	1.0	1	1	1
Family	5	5	5	4	4
Renters	0	0	0	0	0
Total built up area of the house (sft)	180	160.0	200	190	170
Total number of rooms, including kitchen	2	2	3	2	2
Total number of toilets	Public latrin	Public latrine	Public latrine	1 pit latrine	Public latrine
Average rent per household per month if rented	NA	NA	NA	NA	NA
Time to work place (minutes)	40	45	35	30	Varies
Average family income per month	9000	6500	7000	6000	5000
Average family expense per month including rent	8000	6000	6400	No answer	5000
Did your family take any loan in the last year	No	Yes	No	No	Yes
Source	NA	Private	NA	NA	NGO
Access to water	Well	Well	Public tap	Well	Public tap
Health problem in the family in the last year	Yes	Yes	No	Yes	Yes
Place of origin	Sindhuli	Ramechap	Kavre	Dhading	Dhading
Year of migration	1989	1988	1988	1991	1994
Any property in your place of origin	No	No	No	No	No
Reason for your migration	landslide	No answer	Land deficiency	Lack of job	Job opportunity
Any family members live in your place of origin	No	Relatives	No	Yes	No
Expectation from the government/society	Land ownership certificate	Safety, no despising	House ownership	Canot say	Land

CASE STUDY SURVEY FINDINGS

Banshighat, ward number 11,
Kathmandu

	Binita Rana	Kumar Shrestha	Buddhi Muktan	Sonam Lama	Ram Silwal
Family structure:	Nuclear	Nuclear	Nuclear	Nuclear	Nuclear
Number of people living in the house	4	9	9	4	5
Total number of households	1	2	2	1	1
Family	4	5	5	4	5
Renters	0	4	4	0	0
Total built up area of the house (sft)	170	290	340	200	190
Total number of rooms, including kitchen	2	4	4	2	3
Total number of toilets	Public latrine	Public latrine	1 pit latrine	Public latrine	Public latrine
Average rent per household per month if rented	NA	1000	800	NA	NA
Time to work place (minutes)	35	50	30	35	45
Average family income per month	6400	9000	10000	7800	No answer
Average family expense per month including rent	5600	6000	6000	6200	No answer
Did your family take any loan in the last year	No	No	Yes	No	No
Source	NA	NA	Private	NA	NA
Access to water	Well	Well	Well	Public tap	Well
Health problem in the family in the last year	Yes	No	Yes	Yes	No
Place of origin	Bhaktapur	Gorkha	Kavre	Chitwan	Kavre
Year of migration	1994	1989	1989	1995	1990
Any property in your place of origin	No	No	No	No	No
Reason for your migration	Job opportunity	Job	Land deficiency	Land deficiency	Land deficiency
Any family members live in your place of origin	No	Yes	No	No	No
Expectation from the government/society	Land	Employment, education	No threat for education	No comment	No comment

CASE STUDY SURVEY FINDINGS

Banshighat, ward number 11,
Kathmandu

	Gyan Gurung	Hira Kayastha	Ram Sahi	Natin Lama
Family structure:	Joint	Nuclear	Nuclear	Nuclear
Number of people living in the house	9	6	6	5
Total number of households	1	1	1	1
Family	9	6	6	5
Renters	0	0	0	0
Total built up area of the house (sft)	350	250	270	190
Total number of rooms, including kitchen	4	3	3	2
Total number of toilets	1 pit latrine	Public latrine	Public latrine	1 pit latrine
Average rent per household per month if rented	NA	NA	NA	NA
Time to work place (minutes)	50	40	50	35
Average family income per month	No answer	8000	7200	6000
Average family expense per month including rent	No answer	6900	6400	4900
Did your family take any loan in the last year	No	Yes	No	No
Source	NA	Private	NA	NA
Access to water	Well	Well	Well	Public tap
Health problem in the family in the last year	Yes	Yes	No	Yes
Place of origin	Lamjung	Okhaldhunga	Thankot	Sanhkuwasabha
Year of migration	1992	1994	1992	1993
Any property in your place of origin	No	No	No	No
Reason for your migration	More income	Security	Land deficiency	Job
Any family members live in your place of origin	Yes	No	Yes	No
Expectation from the government/society	Education for children	Health, water, safety	More income	Employment

CASE STUDY SURVEY FINDINGS

Banshigat, ward number 11,
Kathmandu

	Binod Rayamajhi	Hiramaya Maharjan	Mina Khadka	Ganga Kapali	Bhim Gautam
Family structure:	Nuclear	Joint	Nuclear	Nuclear	Nuclear
Number of people living in the house	5	10	7	6	5
Total number of households	1	1	2	1	1
Family	5	10	5	6	5
Renters	0	0	2	0	0
Total built up area of the house (sft)	180	360	290	180	190
Total number of rooms, including kitchen	2	4	3	2	2
Total number of toilets	Public latrine	1 pit latrine	1 pit latrine	Public latrine	Public latrine
Average rent per household per month if rented	NA	NA	800	NA	NA
Time to work place (minutes)	30	Depends	30	Depends	45
Average family income per month	5800	11000	7400	6000	6800
Average family expense per month including rent	5000	6000	6400	6200	5000
Did your family take any loan in the last year	Yes	No	No	No	No
Source	Private	NA	NA	NA	NA
Access to water	Public tap	Well	Well	Public tap	Well
Health problem in the family in the last year	Yes	No	Yes	No	Yes
Place of origin	Barabishe	Sankhu	Taplejung	Makwanpur	Dang
Year of migration	1990	1992	1993	1990	1992
Any property in your place of origin	No	No	No	No	No
Reason for your migration	Job	Employment	Job, security	Employment	Security, job
Any family members live in your place of origin	No	Yes	No	No	No
Expectation from the government/society	Employment	Safety, old age care	Social benefit	Security	Housing

CASE STUDY SURVEY FINDINGS

Banshigat, ward number 11,
Kathmandu

	Buddhiram Mahato	Mishri Sahi	Krishnadevi Kaphle	Shanker Balami	Saraswati Dhungana
Family structure:	Nuclear	Joint	Nuclear	Nuclear	Joint
Number of people living in the house	5	10	5	6	11
Total number of households	1	1	1	1	1
Family	5	10	5	6	11
Renters	0	0	0	0	0
Total built up area of the house (sft)	180	380	180	190	390
Total number of rooms, including kitchen	2	4	2	2	4
Total number of toilets	Public latrine	1 pit latrine	Public latrine	Public latrine	Public latrine
Average rent per household per month if rented	NA	NA	NA	NA	NA
Time to work place (minutes)	Depends	45	40	50	Depends
Average family income per month	8000	12000	6800	4800	14000
Average family expense per month including rent	5200	8000	5600	5000	8000
Did your family take any loan in the last year	Yes	No	Yes	No	Yes
Source	NA	NA	Private	NA	Private
Access to water	Well	Well	Well	Public tap	Well
Health problem in the family in the last year	No	No	Yes	Yes	Yes
Place of origin	Gaur	Naubishe	Parsa	Kaski	Nuwakot
Year of migration	1993	1991	1992	1990	1991
Any property in your place of origin	No	No	No	No	No
Reason for your migration	Better employment	No job previously	Acquaintance	No comment	Better job
Any family members live in your place of origin	Yes	Yes	No	No	Yes
Expectation from the government/society	No despising	Better employment	No comment	No evacuation	ll relocate if facility provi

CASE STUDY SURVEY FINDINGS

Banshigat, ward number 11,
Kathmandu

	Nandalal Shrestha	Khadananda Neopane	Tek Pariyar	Sabitri Pokharel	Nanibanu Sunar
Family structure:	Nuclear	Nuclear	Nuclear	Joint	Nuclear
Number of people living in the house	6	5	6	9	5
Total number of households	1	1	1	1	1
Family	6	5	6	9	5
Renters	0	0	0	0	0
Total built up area of the house (sft)	180	170	200	360	180
Total number of rooms, including kitchen	2	2	2	2	2
Total number of toilets	Public latrine	Public latrine	Public latrine	1 pit latrine	1 pit latrine
Average rent per household per month if rented	NA	NA	NA	NA	NA
Time to work place (minutes)	45	50	30	35	40
Average family income per month	5000	7000	8000	13000	7000
Average family expense per month including rent	5000	4000	6200	9000	5800
Did your family take any loan in the last year	No	No	No	Yes	No
Source	NA	NA	NA	Private	NA
Access to water	Public tap	Well	Well	Public tap	Well
Health problem in the family in the last year	Yes	No	No	Yes	No
Place of origin	Sirah	Lamjung	Bhimphedi	Lamjung	Makwanpur
Year of migration	1989	1993	1991	1990	1994
Any property in your place of origin	No	No	No	No	No
Reason for your migration	Job security	Relatives	Land deficiency	Family security	No comment
Any family members live in your place of origin	No	No	Yes	Yes	No
Expectation from the government/society	Free health facility	Housing facility	No discrimination	Security	Will relocate if facility provided

CASE STUDY SURVEY FINDINGS

Banshighat, ward number 11,
Kathmandu

	Ramesh Pariyar	Chatramaya Thapa	Shantmaya Khadka
Family structure:	Nuclear	Joint	Nuclear
Number of people living in the house	5	11	5
Total number of households	1	1	1
Family	5	11	5
Renters	0	0	0
Total built up area of the house (sft)	190	390	180
Total number of rooms, including kitchen	2	4	2
Total number of toilets	Public latrine	1 pit latrine	Public latrine
Average rent per household per month if rented	NA	NA	NA
Time to work place (minutes)	50	45	40
Average family income per month	Varies	15000	7200
Average family expense per month including rent	No comment	9200	5800
Did your family take any loan in the last year	No	No	No
Source	NA	NA	NA
Access to water	Well	Well	Well
Health problem in the family in the last year	Yes	Yes	No
Place of origin	Panchthar	Nawalparasi	Gulmi
Year of migration	1989	1993	1992
Any property in your place of origin	No	No	No
Reason for your migration	Better employment	Acquaintance	Land deficiency
Any family members live in your place of origin	No	Yes	No
Expectation from the government/society	Peace and employment	No comment	Better environment for children

APENDIX 19:CASE STUDY SURVEY FINDINGS

Baranani, Brahma tole, ward number 12, Kathmandu

	Rajendra Maharjan	Luxmi Devi Napit	Tul Ratna Bajracharya	Narendra Bajracharya	Surma Magar
Family structure:	Nuclear, Nuclear, Nuclear	Joint	Nuclear, Nuclear	Joint	Nuclear, Joint
Address of your house	63/19 Bara Nani	63/21 Bara Nani	29 Bara Nani	85 Bara Nani	45/9 Bara Nani
Number of people living in the house	12	6	5	5	9
Total number of households	3.00	1.0	2	1	2
Family	0	6	0	5	4
Renters	12	0	5	0	5
Total built up area of the house (sft)	512.8	419.2	263	267.5	397.1
Total number of rooms	4	4	3	3	4
Total number of toilets	1	1	1	1	1
Average rent per household per month if rented	1300	NA	1000	NA	1300
Average time to work place (minutes)	15	30	20	35	40
Average family income per month	8000	no answer	4500	9000	11000
Average family expense per month including rent	6100	no answer	4400	6800	6200
Did your family take any loan in the last year	No	Yes	No	Yes	No
Source	NA	Private	NA	Private	NA
Access to water	Well	Well	Well	Private	Well
Health problem in the family in the last year	Yes	Yes	No	Yes	Yes
Place of origin	Lalitpur, Hetauda, Narayanghat	Kathmandu	Sunsari, Dhading	NA	Okhaldhunga
Year of migration	1997, 2005, 2003	NA	2004, 2003	NA	2001
Any property in your place of origin	No, No, Yes	NA	No, Yes	NA	Yes
Reason for your migration	Lack of opportunity	NA	Job, education	NA	Job, health
Any family members live in your place of origin	No, No, Yes	NA	No, Yes	NA	Yes
Expectation from the government/society	Rent rate fixing, social security	Proper water supply, solid waste management	Employment	Education, safety	Cleaning courtyard

CASE STUDY SURVEY FINDINGS

Baranani, Brahma tole, ward number 12, Kathmandu

	Anil Maharjan	Bani Maya Karki	Uma Karki	Rupa Sharma	Dhurva Maharjan
Family structure:	Nuclear	Nuclear,Nuclear,Nuclea	Nuclear,Joint	Joint	Joint
Address of your house	77/21 Bara Nani	91 Bara Nani	64/19 Bara Nani	69 Bara Nani	71 Bara Nani
Number of people living in the house	4	14	9	6	8
Total number of households	4	3	2	1	1
Family	0	4	0	6	8
Renters	4	10	9	0	0
Total built up area of the house (sft)	186.2	346.9	416.3	429.4	317.9
Total number of rooms	2	4	5	5	5
Total number of toilets	1	1	1	1	1
Average rent per household per month if rented	1500	1200	1600	NA	NA
Average time to work place (minutes)	35	30	30	40	35
Average family income per month	5000	11000	9000	8000	10000
Average family expense per month including rent	4600	6000	4800	8500	8800
Did your family take any loan in the last year	Yes	No	No	Yes	No
Source	Private	NA	NA	Private	NA
Access to water	Well	Well	Private	Private	Well
Health problem in the family in the last year	Yes	No	Yes	Yes	No
Place of origin	Phurping	Nagdhunga	Panauti, Siraha	NA	NA
Year of migration	2002	1999, 2001	1999, 2002	NA	NA
Any property in your place of origin	Yes	Yes, No	Yes, No	NA	NA
Reason for your migration	Land deficiency	Education, healh	Employment, income	NA	NA
Any family members live in your place of origin	Yes	Yes, No	Yes, No	NA	NA
Expectation from the government/society	Safety, water	Maintainance, water	Employment, housing	No comment	Education, housing

CASE STUDY SURVEY FINDINGS					
Baranani, Brahma tole, ward number 12, Kathmandu					
	Jamuna Maharjan	Luxmi Maharjan	Ramlal Tandukar	Asta Maya Phuju	Bhaikrishna Suwal
Family structure:	Joint	Nuclear	Joint	Nuclear, Nucear	Nuclear, Nuclear
Address of your house	67 Bara Nani	21 Bara Nani	11 Bara Nani	31 Bara Nani	54 Bara Nani
Number of people living in the house	6	5	6	5	8
Total number of households	1	1	1	2	2
Family	6	0	6	0	0
Renters	0	5	0	5	8
Total built up area of the house (sft)	311.6	153.5	299.1	225.6	292.5
Total number of rooms	5	2	3	2	3
Total number of toilets	1	1	1	1	1
Average rent per household per month if rented	NA	1200	NA	1200	1200
Average time to work place (minutes)	40	30	40	30	40
Average family income per month	No answer	5000	6000	Not constant	9000
Average family expense per month including rent	No answer	5000	5800	5000	6000
Did your family take any loan in the last year	No	No	No	No	No
Source	NA	NA	NA	NA	NA
Access to water	Well	Well	Well	Well	Wel
Health problem in the family in the last year	Yes	Yes	No	Yes	Yes
Place of origin	NA	Dang	NA	Barabishe, Thankot	Dhading
Year of migration	NA	2000	NA	1998, 2001	1999
Any property in your place of origin	NA	No	NA	Yes, No	Yes
Reason for your migration	NA	Security	NA	Safety, education	Employment
Any family members live in your place of origin	NA	No	NA	Yes, No	Yes
Expectation from the government/society	I do not know	Safety, health, job	ducation, old age bene	Employment	Education, housing

CASE STUDY SURVEY FINDINGS

Baranani, Brahma tole, ward number 12, Kathmandu

	Balsunder Twayana	Dharma Maharjan	Jamuna Napit	Siddhi Silpakar	Asta Man Maharjan
Family structure:	Nuclear, Nuclear	Joint	Joint	Joint	Nuclear*3, joint
Address of your house	47/9 Bara Nani	39 Bara Nani	49 Bara Nani	51 Bara Nani	27 Bara Nani
Number of people living in the house	9	6	6	5	19
Total number of households	2	1	1	1	4
Family	4	0	0	0	0
Renters	5	6	6	5	19
Total built up area of the house (sft)	340.2	198.9	170.8	166.5	449.2
Total number of rooms	4	2	2	2	5
Total number of toilets	1	1	1	1	1
Average rent per household per month if rented	1300	1600	1400	1400	1200
Average time to work place (minutes)	25	35	45	25	30
Average family income per month	10000	5800	6000	6400	5000
Average family expense per month including rent	4900	5800	6000	6300	4800
Did your family take any loan in the last year	No	No	No	No	No
Source	NA	NA	NA	NA	NA
Access to water	Well	Well	Well	Well	Well
Health problem in the family in the last year	Yes	No	Yes	No	Yes
Place of origin	Sankhu	Parsa	Jhapa	Chitwan	Churi, Kavre, Lamjung, Sarlahi
Year of migration	1999	2003	1999	2001	1998, 2002, 1999, 2003
Any property in your place of origin	Yes	Yes	Yes	Yes	No, Yes, Yes, No
Reason for your migration	Job	Employment	Land deficiency	Employment	Land deficiency, job
Any family members live in your place of origin	Yes	Yes	Yes	Yes	No, Yes, Yes, No
Expectation from the government/society	Education, water	Health, job	Employment	Health service	Security, water

APPENDIX 20: CASE OF PALIPHAL KIRTIPUR RESETTLEMENT PROGRAM FOR THE URBAN POOR

Background

Kirtipur is an ancient settlement in Nepal. It is located in Kathmandu District of Bagmati Zone 5 km. south-west of Kathmandu. It is one of the five municipalities of Kathmandu valley. The name Kirtipur comes from *Kirti* (Glory) and *pur* (city). In Nepali Kirtipur means ‘a glorious town’. The population of Kirtipur was 40,835 in 2001 with 9,847 households. It covers an area of 14.8 sq. km. with a population density of 2,767 people per sq. km. (CBS 2002b). Newars are the local inhabitants of Kirtipur. In 1768, it was annexed to the state of Nepal by King Prithvi Narayan Shah in his third attempt.

Map of Kirtipur



In the past there were twelve gates of the town. Parts of the old city wall still remain. The main industry in the town is cottage industry and most of the residents are either weavers or farmers. Kirtipur is on two hills and the saddle between the hills. At the bottom of the two hills, where they meet is the three-tiered Bagh Bhairab Temple, which is revered by both Hindus and Buddhists. The main deity of the temple is Bhairab, in the form of a tiger. There is a temple torana to the left of the entrance with Vishnu riding Garuda. Bhairab in the middle of Ganesh and Kumar is below them. The temple is

covered with swords and shields that belonged to the troops of Kirtipur, who were defeated by the army of King Prithvi Narayan Shah.

Bagh Bhairab Temple, Kirtipur (2008)



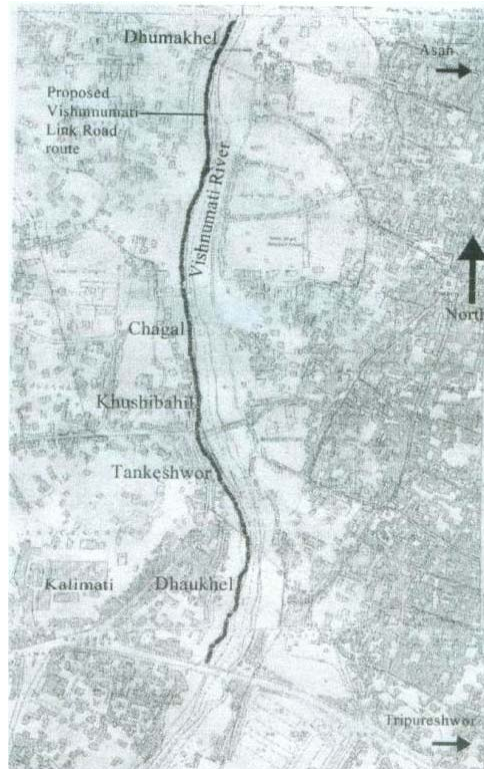
Shokoohy (1994) stated that the history of Kirtipur could go back to the mid-3rd century BC as mentioned in the mediaeval *vamsavalies* or chronicles of Nepal. The author cited two probable dates as to when the city was built- 914 AD as recorded in the *Padmagiri* Chronicle or the 12th century as suggested by Levi (Levi 1905). The town consists of significant historical values and ethics. It is an amalgamation of religion, culture, tradition and outstanding work of Newari crafts and architecture. The town has been relatively unaffected by the rapid development that has changed Kathmandu so intensely in recent years.

The context

The banks of the Bishnumati river in Kathmandu have been home to squatter settlements since 1952. Eviction of these poor communities took place in 2003. The process of the proposed expansion of the Bishnumati link road not only left them homeless but also influenced their livelihood. The Bishnumati Link road project refers to the planned construction of a road to link the north and south sections of the ring road around Kathmandu, in order to improve access to high density areas and improve traffic flow in the city. The concept of the project was first raised as a possibility in 1969.

The link road evictions resulted after assurances from the Kathmandu Metropolitan Corporation for the squatter communities for relocation. The concept of a thoroughfare that would follow the Bishnumati river, eventually connecting the Ring Road in the north and south, goes back to the Kathmandu Valley Physical Plan of 1969 (DUDBC 2001). The main objectives of the 2.8 km. long road were to get a better north-south connection in the Bishnumati corridor (extending from Sorakhutte in the north to the Kalimati Bishnumati bridge in the south), to improve access to the high density areas which have poor approach, and to improve access to the city core from the west. The road according to the plan is to run along the Bishnumati river, where a number of communities had lived in squatter settlements for three to fifty-four years. The plan aimed at providing these genuine squatters affected by the link road project reasonable housing and ensuring a partnership between the community people and local government in the overall process of the scheme. It is noted that this resettlement program is the first housing project of this type focused for the urban poor in Nepal, providing the affected urban poor families a place to live in.

Bishnumati link road route, Kathmandu



A study of the area within the Bishnumati river was conducted by the Norwegian Institute of Technology in 1992. It included the impact of the project on squatter communities located along the Bishnumati corridor. It concluded that every possible effort should be made to provide alternative housing which is affordable to the squatters (Bjoenness 1992). The Department of Urban Development and Building Construction conducted its survey in 2001-2002. The study's objectives were to identify the squatters, find out the social impact of the road construction and to formulate the evacuation and relocation/ rehabilitation plan for them (DUDBC 2001). The report recommended a low cost housing project for the relocation of squatters and that the house and land ownership be provided to them with certain terms and conditions.

The main objective of the resettlement program was to relocate the Bishnumati link road affected families. The housing project is located in Paliphal, ward number 6 of Kirtipur. The program featured building forty-four houses. At present, it has a population of 250 people. A Nepali non governmental organization (Lumanti, working in the field of urban poverty alleviation in housing) was the facilitator of this program. Since only thirty housing units were required for the link road affected families, it was decided that the remaining houses would be given to other needy urban poor. Three families from Kalanki requested for the housing. The road built in Kalanki affected them. In addition, poor households from Kirtipur could also join the community. The project was planned together with the members of this community. Community members' participation was stressed. The formulation of this project took two years. A site for the relocation was finalized in 2004, when 6 *ropanis* (3,053 sq.m.) of land in Paliphal, ward number 6 in Kirtipur was purchased for Rs 3,000,000 (Vajra 2004). A local bank had sold this land. The construction was completed in 2005. Two different price calculations for two different types of housing units were proposed. The costs of the units were Rs. 350,628 and Rs. 329,671 respectively.

The condition of the settlement of the Bishnumati link road before being relocated was that of small, inadequately built poor structures characterized by single rows of huts made of scavenged materials, dusty footpaths and the ever present stench of the polluted

river. They were compelled to stay there for a range of reasons: their family became too large for their previous dwelling, rent was exorbitant in the city and women were abandoned by their husbands. Consequently they had encroached the land alongside the river- land where no one else wanted to live. The river is extremely polluted and filled with sewage.

Condition of settlement of Vishnumati link road before being relocated (2003)

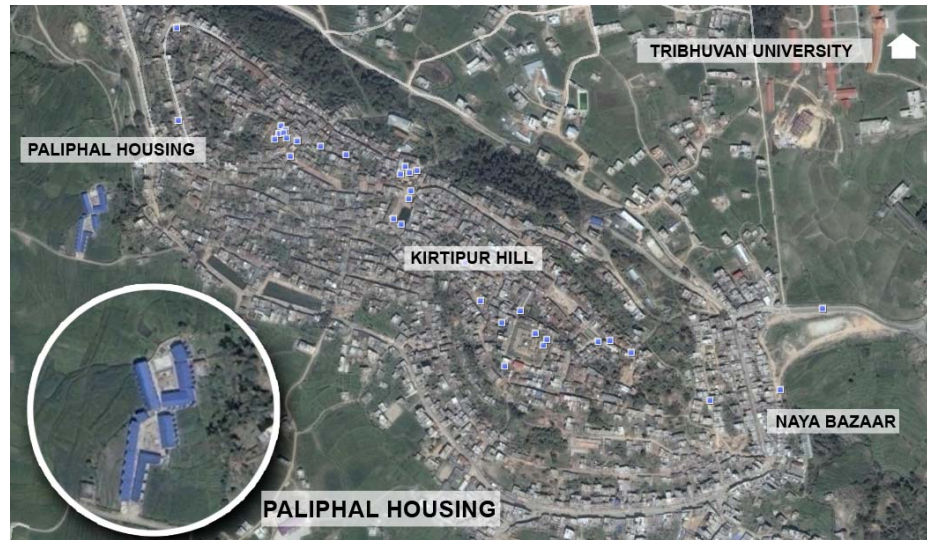


The number of households and length of their stay in the settlements before the eviction is shown in the following table.

Communities affected by the Vishnumati link road project

Community	KMC ward	Year settled	Number of households	Population
Chagal	13	2000	11	-
Dhaukhel	13	1993	33	206
Dhumakhel	15	1971	47	202
Khushibahil	13	1974	32	130
Tankeshwor	13	1952	19	-

Paliphal Kirtipur housing (2008)

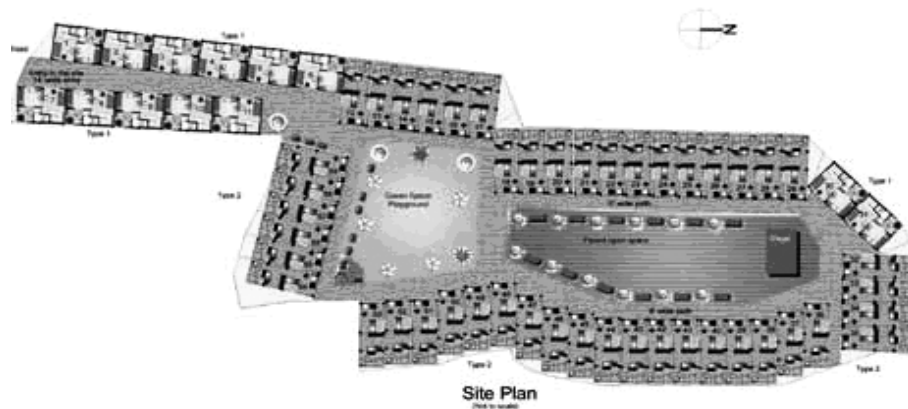


The houses are constructed in two rows in two types. Two wells have been dug. Three underground tanks have been built to collect rainwater. The houses have four rooms, two on each level with a total built up area of 538 sq.ft. and 550 sq.ft. respectively. The allotted areas seem to be above the normal standards of housing for the economically weaker section people. Structural reinforced cement columns and beams are used with brick filling, which were not necessary for two storied units with corrugated iron sheet roofing. It was found that the construction cost could have been substantially reduced had appropriate building technologies and materials been used and more floors added. The areas of the dwelling could have been reduced to get more units to accommodate more people.

Some appropriate features found in this program were the use of rainwater harvesting techniques to ensure alternate water supply facilities. In addition to domestic use, rainwater is also being used to recharge ground water through the use of recharge pits to help address the issue of water depletion caused by water extraction from the community wells. Similarly, the open space developed for the community courtyard in the middle of the houses has been placed strategically to infiltrate the harvested rainwater for groundwater recharge purpose. In addition to the rainwater harvesting initiative, two dug wells have been constructed.

In the situation of drying up of wells and traditional water sources in Kathmandu due to increase in use of concrete, this aspect in the project can be stated as an example how this problem can be addressed. Furthermore, the project also incorporates solid and liquid waste recycling, recovery and reuse mechanism. Liquid waste is recycled and reused after being treated through a decentralized waste water reed bed treatment plant.

Plan of Paliphal Kirtipur Housing Scheme



Community Perspective

The assessment of Hukum Bahadur Lama, president of the Society for Preservation of Shelters and Habitation in Nepal, on the resettlement program was in his own words:

Earlier, there was not even recognition of shelter being a basic and productive need. Poor people had no say in this matter. But today it is a big event for all the squatters as some are getting resettled. The perception of the government and people has changed a lot and they are ready to support us now. Nobody can evict us without alternatives and now that we have savings, we can pay for our house.

Sharada Lama from The Women's Federation expressed that a historical event had been carried out and that she was very glad to see the joy on people's faces after long years of pain and tears due to link road eviction. Lal Bahadur Karki from the squatters' federation viewed that people should have faith in their aims and goal and that nothing could stop from achieving it. Tara Sahi and Krishna Devi Sahi from the affected families expressed their gratitude for providing the support.

Krishna Devi Sahi has a family of eight members and they were evicted from the link road area when they had just spent Rs. 25,000 on upgrading their house. They moved to a rented accommodation where they had to pay Rs. 2,500 per month. The rental allowance of Rs 6,000 for a three month period provided by the municipality was not enough because they could not carry out any poultry or pig farming in the rental accommodation, as they were doing in the previous settlement, for supplementary income. They looked for many options, took loans to open teashops but were not successful. Nothing worked for her family and they fell deeper into debt. Her husband attempted suicide in depression, and it was a big struggle for them to survive.

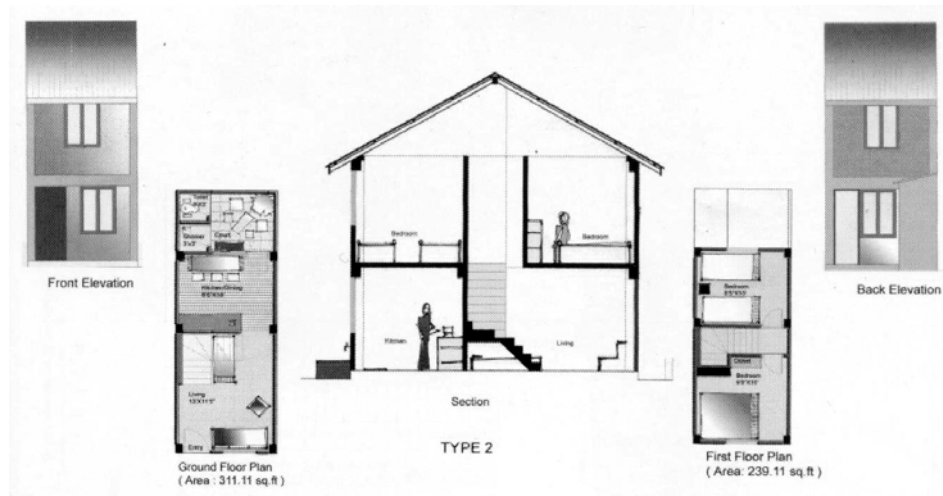
The beneficiaries of the Paliphal housing program were involved in decision-making on both the site selection and the housing design. Affordability was a big concern and the families each examined their own ability to make repayments. A Housing Management Committee was formed in 2004. This committee consisted of seven members, four of which came from the affected families, one from the squatter federations, one from the women's federation and one from the Lumanti organization.

The main tasks of the committee were to manage the housing project, to monitor the money collection as well as to ensure that the money was returned to the fund. In addition, the committee was to ensure the proper handover of the houses to the beneficiary families. This task involved deciding which families received which house.

As there were two types of houses that cost different amounts, the committee ensured that the houses were dealt with in a proper manner to the people. As the resettlement program is of a long term nature, the aim of the committee in the long run was to take care of all issues related to the community. The committee is to manage the community, take care of the basic services as well as focus on maintaining harmony within it. The municipality was informed of the committee. It also received a registration number from the municipality. A bank account was opened in its name. The loans taken by its members go into this account. The committee was to take care of the transactions and to handle the money. The community together with the committee decided that they would pay Rs 2,000 per month and ten thousand in down payment before they got the houses in their own names.

The costs of the land and site development have been subsidized by a non governmental organization- Urban Community Support Fund. The fund was established with financial contributions of the Kathmandu Metropolitan City and several non governmental organizations such as the Asian Coalition for Human Rights, Slum Dwellers International, Action Aid Nepal and Water Aid Nepal. The Asian Coalition for Housing Rights and Slum Dwellers International contributed Rs. 4,844,845 and Rs. 2,165,516 respectively to the fund. Water Aid Nepal provided Rs. 600,000. The Kathmandu Metropolitan City and Action Aid Nepal provided Rs. 80,000 and Rs. 906,750 respectively. After setting up of the fund, the road for the program was cleared. The community (beneficiaries) had taken much of the responsibility for the implementation of the program through the formation of a Housing Management Committee. The houses will remain owned by the non governmental organization until the loans are repaid by the recipient families.

Paliphal Kirtipur housing unit types

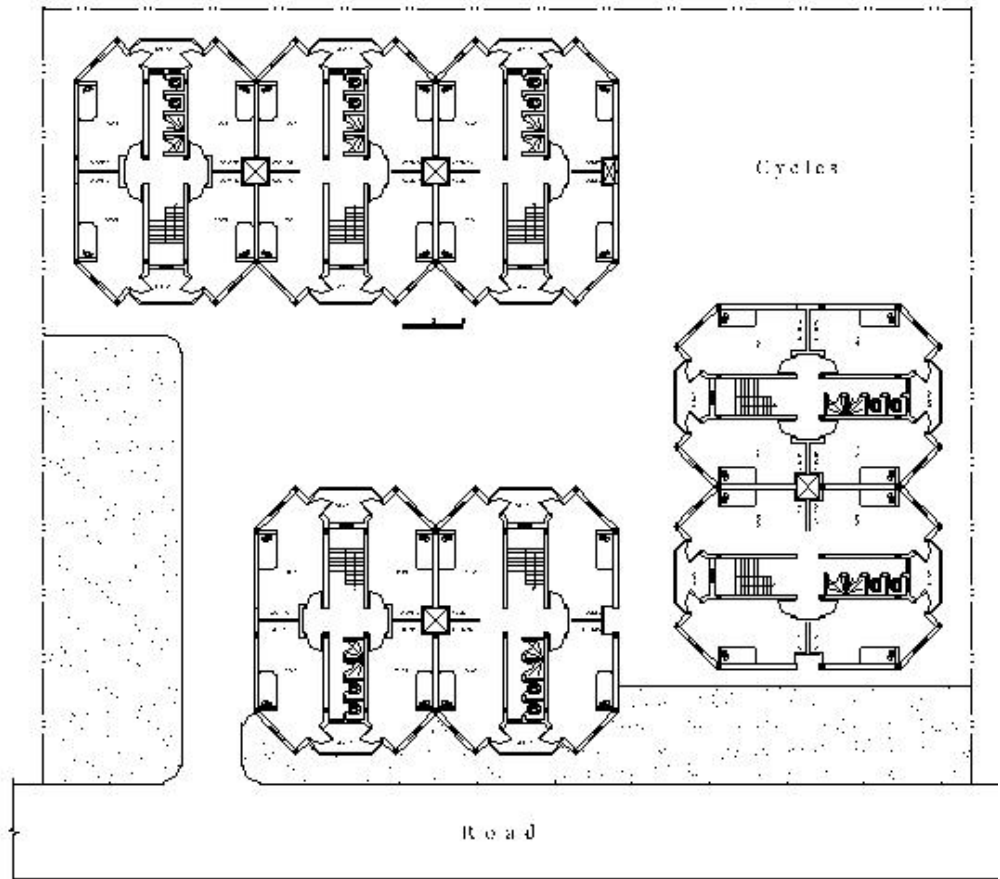


The community members started making saving groups for the housing repayment. It was found that this strengthened the feeling of unity within the new community. The families have initiated daily savings. The thirty six regular saving members were able to accumulate a saving of Rs 10,000 in the first fifteen days. A member of the regular saving group expressed 'Initially I did not believe it was possible to save daily, but it was proved that if a person is determined and committed, everything is possible. It is incredible that within such a short span of time I could save so much. I keep the money ready before Dinesh (money collector) comes to my door. It's very encouraging'. A jointed account in the name of Nepal *Mahila Ekta Samaj* Unit Committee, Kirtipur was opened to deposit the saving amount. The account is operated

with the joint signature of the Treasurer and the President or the Secretary of this committee.

It was found that the principle of the project was that the beneficiaries managed the finances to the housing project. This was illustrated by the fact that it was the housing committee, who had the responsibility to manage all the transactions of the project. It was their task to pay the builders as well as to allocate resources for other components that was needed to complete the project. The owners of each unit have to pay for the housing units. The land and the infrastructure component costs were subsidized by the Urban Community Support Fund. Cost recovery is stressed in this program.

APPENDIX 21: PROTOTYPE FOR AN URBAN POOR DWELLING UNIT



Note: Low cost materials such as unplastered hollow block infill walls are used. There are four units in one block. Guidelines of the Department of Urban Development and Building Construction have been followed.



Analysis for affordability of a typical low income housing scheme

area of 1 unit 190 sq.ft.

area 4 units in 1 floor = $190 * 4 = 760$ sq. ft.

area for bathroom and circulation 405 sq. ft.

area of 1 floor = $760 + 405 = 1165$ sq.ft.

built up area of 1 block = $1,165$ sq.ft. * 5 floors = $5,825$ sq.ft.

building construction cost using low cost technology

$$= 5825 * 1000 = \text{Rs. } 5,825,000 \text{ (a)}$$

commitment per unit (a) / 20 = Rs. 291,250(b)

savings required per family per month for 15 year payback

$$= (b) / 180 = \text{Rs. } 1618 \text{ (c)}$$

savings required per family per day (c) / 30 = Rs. 54

Note: 1 U.S.\$ = Rs. 70 (January 2011)