

Poverty Premium in Rasoolpura, Hyderabad

Shitiz Modi

CCS Working Paper No. 163
Summer Research Internship Program 2006
Centre for Civil Society
www.ccs.in

Table of Contents

- ✚ Introduction
- ✚ The Concept of Poverty Premium
- ✚ Objectives and Research Methodology of the Paper
- ✚ Description of the Rasoolpura Slum, Hyderabad
- ✚ A Study of the Basic Services present and their Poverty Premium
 - Water
 - Education
 - Housing & Sanitation
 - Finance
 - Health
- ✚ Conclusion

Poverty Premium

Introduction

“Slums are the emerging human settlements of the 21st century”, states the “State of the World’s Cities 2006/7” report released by the U.N. – Habitat at Vancouver. By next year one of every two people in the world will be a city dweller. Of these, a substantial number will be slum dwellers. In fact, the report states that at the present rate of growth of rate of slum dwellers in the world, there will be 1.4 billion slum dwellers by 2020, According to the Census of India, 2001, we have about **40,297,341** people living in slums in about 607 towns across India which have a population of more than 50,000.

The census classifies a slum as:

A compact area of at least 300 population or about 60-70 households of poorly built congested tenements, in unhygienic environment usually with inadequate infrastructure and lacking in proper sanitary and drinking water facilities.

Hyderabad alone has about six lac people living in 811 slums with more than half of them below poverty line.¹ More than one-third of the city’s population resides in slum, squatters and other poor settlements.²

Slums are typically looked upon by most city dwellers as the dark underbelly of the city, where people live on illegal land and on the taxpayer’s money without contributing anything to the exchequer. This stereotype of the slum dwellers is based on the assumption that they live mostly on doles that is they are a recipient of the honest taxpayer’s money, cultivated largely by the politicians who see them as a vote bank.

Poverty Premium

The fact that the slums of Dharavi are the largest in Asia and one of the biggest in the world, filled with inhabitants, who are extremely poor while Warden Road is one of Mumbai’s posh localities. And this fact is supported by the reality that the slum dwellers

¹ Prof. Kumar A.N, Freedom from poverty, Regional Center for Urban and Environmental Studies, Osmania University. Accessed on 7th July ,2006 at http://www.metropolis.org/Data/Files/318_Kumar.pdf

² Chapter V, Hyderabad – City Development Plan, Basic Services to the Urban Poor, Accessed on 1st July, 2006 at <http://www.ourmch.com/cdp/chapter%205.pdf>.

Poverty Premium

in Dharavi pay 600 to 1000 percent interest for credit from local moneylenders while the residents of Warden Road get credit at about 53 times a lesser rate of 12-18 %. This is just one of the findings uncovered by an astonishing survey conducted by the students of the renowned management guru C.K.Prahalad which was published in his groundbreaking book *The Fortune at the Bottom of the Pyramid*. The slum dwellers were paying more than their supposedly richer counterparts for many items of daily consumption. The items ranged from credit, water, rice to even phone calls. In some cases it was as high as 53 (credit) and 37(water) times of what typical middle class or rich people paid for the same services.

This “premium” that the poor pay for basic services, all too often because of the high – cost ecosystems that they reside in, is termed as “poverty premium” or “poverty penalty”. The poverty premium is usually the result of local monopolies, inadequate access, poor distribution, and strong traditional intermediaries.

Objective & Research Methodology of the paper

The poverty premium is not just confined to Dharavi slum of Mumbai. Research indicates that the poverty penalty is universal, although the magnitude differs by region, state and locality. It is the endeavour of this paper to ascertain how much is the premium paid by the residents of the one of the largest slums in the city of Hyderabad for acquiring basic public services like water, power, education, credit and other services. The paper tries to ascertain the cost incurred by people for a low quality provision and sometimes illegal options of availing such services. The premium is not just a quantitative measure of cost but also a study of the qualitative differences between the provision of a basket of services between the poor and the rich.

Indirammanagar is a huge slum settlement in the locality of Rasoolpura, which has a population of more than two lakh people; this is the sample slum that has been chosen for the survey. The study would cover five basic services including

- Finance
- Water
- Health
- Education

Poverty Premium

➤ Housing , Sanitation

The sample size is of fifty people. The members have been selected randomly from different parts of this huge area to get as diverse a picture of the slum as possible. Different lanes have been covered as most problems are common although a few are native only to one particular lane. People residing in the slum area, civil society organizations and official authorities have been interviewed to know the reality and corroborate the facts.

Background Description of Rasoolpura

The Rasoolpura slum, designated as a notified slum by the government is the one of the largest in Hyderabad with a population of two lac people.³ Separate settlements within it include Sri Lanka Gun Bazaar, Indirammanagar, Anna Nagar and other colonies. The primary survey has been conducted in the Indirammanagar locality that forms a part of the Rasoolpura slums. The area is under the jurisdiction of the Secunderabad Cantonment Board (SCB), which is under the Ministry of Defence. Indirammanagar is a part of the Ward No. 2 of the SCB.

The Cantonment area is managed by the Army and has not been merged by the Municipal Corporation of Hyderabad. In a statement released in August 18, 2004 by the Rajya Sabha, the Central Government ruled out the request of Government of Andhra Pradesh to the Ministry of Defence in which it had asked to merge the Cantonment area into the municipal area of Hyderabad. The request was ruled out due to security consideration. This information was given by the Defence Minister Shri Pranab Mukherjee in a written reply to Shri K Rama Mohana Rao in Rajya Sabha.⁴ The above information is of value because the Secunderabad Cantonment Board has been routinely criticized for the many civic problems which exist in the areas in its jurisdictions.

The Secunderabad Cantonment (SC) Slums, Colonies Integrated Development and People's Welfare Association demanded that the civic administration of the Cantonment

³ World Environment Day, Centre for Environment Education, Accessed on June 16, 2006 at <http://www.ceeindia.org/cee/archive/wed.htm>.

Poverty Premium

Board be included under the jurisdiction of the Municipal Corporation of Hyderabad. They said that this was the only solution for various civic problems in the SC.⁵

The ownership of the land on which these slums exist is also disputed. Some part of the land belongs to the Airport Authorities, which took this land on lease from the Cantonment. Unclear tenure rights remain the reason why the slums have only a limited supply of basic utilities for the slum dwellers. The occupants of these slums are migrants from neighbouring places like Siddipet, Narsapur etc and occupied land illegally. Now if the slums were to be made legal or registered it would require a huge bureaucratic effort. The land would have to be first handed over by the Airport Authority to the Cantonment. The Cantonment can only hand over this land after getting a clearance from the Ministry of Defence in Delhi. Only then can this land be handed over to the state government, which in turn would hand over tenure rights to the slum dwellers. Thus, the basic rights of the slum dwellers are lost in the maze of bureaucracy and red tapism prevalent in the government.

State of Public Services in Rasoolpura

This section will document the provision of basic public services in the slum and the cost associated with it in its provision. It will also try to analyze the price paid by people for the services and compare it with price paid by the middle class for the same public service. It will also be good to assess the quality of services that people in the slums get for the price that they pay and also compile the qualitative and quantitative premium paid by the poor for public services.

- **Water**

“Every morning is a time for argument, use of abusive words when filling a pot of water. This has become a norm in our lives. Even when I am sick I have to get up early to wait in line for the water tanker. Sometimes when my turn comes the tanker is empty. I have to wait for two more hours for another tanker to arrive. It is not just the waiting time, each pot cost two rupees, and for my family it cost thirty rupees a day,

⁴ Press Information Bureau, Press Release. 18 August 2004. Ministry of Defence in Rajya Sabha. Accessed on 12th June 2006 at <http://pib.nic.in/release/release.asp?reliid=3260>.

Poverty Premium

half of my daily wage," said Nagamani with tears in her eyes.⁶ This is the story of a woman who had to scrounge and fight everyday for water, in the Rasoolpura area. Things have improved. Now you can get two pots of water for a rupee, but the fights and queues remain. Water supply according to most of the respondents is the biggest problems that the residents of Rasoolpura face and Indirammanagar in particular bears the brunt. The land is illegally occupied and hence the government does not provide any direct water supply like taps for each house.

Different provisions of water exist in Indirammanagar. They are

1. Water pipelines
2. Bore wells
3. Tankers
4. Private Sources

Water pipelines have been provided to some of the lanes in the locality. The water in these lines is released once a day at 11 A.M. in the morning and in some places in the evening again. But the water that comes through these pipes does not suffice for everyone in that lane. For example Md Madarshah (House no. 1-38 – 2690) says that each family is allowed to fill two or three pots of water. For this every day a queue is formed in the morning and the wait to fill water can be as much as half an hour or an hour to fill two pots of water!! Khader Sharif (House no. 1-38-1101) though was more satisfied with the water provision as a new pipe had just been laid in his lane. Some people like Satyamma, Md Mahmood do not have access to these pipelines and rely solely on bores.

The **bore wells** are thus the source of most of the water for **non-drinking purposes**. These bores are the lifelines for most people as direct water supply is not available to everyone. Not all lanes have bores though and those who do complain that they have gone dry. There is a unique system of maintenance of bore wells. Usually one person in that vicinity is given charge of maintaining the bore well and he

⁵ Cantonment Board under Corporate Jurisdiction urged, October 29, 2005, from the online edition of The Hindu, Accessed on 24th June at <http://www.hindu.com/2005/10/29/stories/2005102921530300.htm>.

Poverty Premium

collects a charge of Rs 5–10 from each house a month. In case a bore well gets spoilt which is not too infrequent here, all the families pool in money for getting it repaired. Md Ghouse is one such person who has been giving charge of a bore in a street, and he said that rather than rely on authorities to get the repairs done in 2-3 weeks time they prefer getting it repaired themselves. The last time this happened Rs 45 had been collected from each house. In the case of the bore well that Satyamma uses only seven families are allowed to access water from that bore as they were the sole contributors when it was initially being installed and they pay for its maintenance too. In case anyone desires to use it they are charged a fee of a rupee for two pots. Again the maintenance money is around Rs.10-15 a month and in case of repairs the cost can rise further.

The Cantonment Board undertakes its water supply to the residents of Cantonment area through its own pipeline networks. The Board does not have water sources of its own. The source of potable water supply to the Cantonment Board is the Hyderabad Metropolitan Water Supply & Sewerage Board, Government of Andhra.⁷

Drinking water is the major problem here as there are no taps and throughout the slums people are provided drinking water by tankers from the state authority (HMWSSB) which are supposed to be free of charge. The amount of water too for each family is extremely less. Each family is provided with two–three pots of water and the frequency of water is alternate days. Sometimes in the summers water can come once in three days. The tankers are thus the only source of water and residents have to ensure that the driver stops near their houses. The truck drivers take advantage of this and charge money from slum dwellers to stop in the respective lanes. **Each and every family surveyed has to pay the bribe to ensure supply.** The bribe is anywhere around Rs 20-40 a month. Also the scarce water means that people on an average spend at least an hour waiting in line and collecting water. Ahmed, an auto

⁶ Life will not be the same, From the online edition of Solutions, of CBN/ Operation Blessing India , Aug – Sep 2005, Accessed on 12th July,2006 at http://www.cbnindia.org/images/solutions_aug.pdf .

Poverty Premium

driver, commented that people fight for each pot and that water also gets spilt in the process and results in the waste of already scarce resources.

The tankers are ordered by a group of families and usually its one person who is in charge of calling for the tankers. Many a time the water is not sufficient and people buy water at the rate of **two-three pots of water for a rupee** where each pot would have a capacity of around 20 litres. It becomes tough for the residents to survive on the meager supply of water, especially those with bigger families.

The above is clear proof of the fact that in case of water provision the slum dwellers pay a poverty premium for their water supply, which is irregular and cumbersome. The quality of the water provided is, according to Dr. Fazl Ullah (RMP), heavy water, which leads to dehydration and other water borne diseases. On a thorough analysis, we can clearly see that these slum dwellers pay a premium on their water supply, both quantitatively and qualitatively.

1. The water through pipelines is regulated by municipal authorities who release water. Each household pays a fee of **Rs 10-15** a month to those who are in charge of the pipeline.
2. Bore wells had been laid by the cantonment authorities but have been left untended now. The maintenance and repair of these bore wells is solely the responsibility of the residents as the authorities either don't respond or do so with too much delay. These bore wells are maintained at a cost of **Rs 5-10** a month at least and more in case of dry bore wells. Hiring someone to keep it maintained is because of the state of neglect of the bores. In case for eg at **Rs 45 per household** (Md Ghouse 1-38-1608) the repairs can be a needless extra expenditure thanks to the state of bore wells and their state of neglect. Breakdown of bore wells are not too infrequent either in this area. Laying a new bore well would cost a lot of money again and money which would have to be shelled out by the residents, not the

⁷ Website of the Secunderabad Cantonment Board. Accessed on 14th June 2006 at <http://www.cbsec-bad.org.in/Watersupply1.html>.

Poverty Premium

municipal authorities. G.Yadagiri said that they were contributing Rs 4000 to get a new bore well dug!!

3. The cost of ordering a tanker which is supposedly to be provided free of charge by the HMWSSB is a way for the truck drivers to extract money again. The acute lack of any source of drinking water means that they can command the price that they want to just stop at a particular place. Each family pays a **minimum of Rs 15** a month to access this water. The maximum can be Rs 30 a month. In addition, some families in order to get a larger share of water and first access also pay an additional bribe of **Rs 15-20** to the drivers.
4. Private sources of water are a compulsion for people who do not have access to enough water. The area of Police Lines is one such place where water is sold for **two pots a rupee**. Some households or lanes also sell water in case of a bore well or pipe breaking down somewhere.

From the qualitative perspective, it is not to come to same conclusion in water provision. Navnita, a teacher in the primary school run by the National Domestic Worker's Movement, says that THE biggest problem for the slum dwellers is the water provision as they have to bear excess costs for abysmal service and quality. They frequently face breakdowns in water supply leading to huge problems for the residents. In this event, huge queues form near the few available sources of water and leads to much time being wasted and unnecessary effort expended.

Some of the ways these slum dwellers suffer because of inadequate and faulty provision of water are

- The fact that there is no provision for a tap in their homes for **running** water and all the water has to be stored.
- The long queues and hence the **waiting time**. Half an hour to an hour on an average. Also according to many of the respondents (Khader Sharif, Ahmed, Satyamma etc.) it is body strength and a willingness to push, shove etc which would allow them to even get those two or three precious pots. The older or weaker just have to satisfy themselves with what is left over.

Poverty Premium

- Children are sometimes not allowed to go to school because they have to help the women carry pots from the source. Some people actually travel at least one or two kilometers to get water from Police Lines etc.
- A poor sense of hygiene, a plethora of water-borne diseases, a constant anxiety over provision of water.

The above are just some of the ways in which the poor pay a premium on water. At a monthly fee of Rs 200 or Rs 250 the middle class enjoy at least 20 – 30 times the same amount of water, uninterrupted supply by tap, no bribes to be paid to anyone and water of much better quality. Most importantly they do not have to form queues, waste time, and worry about the provision of water in a majority of cases. In case of the slum dwellers, on the other hand, water is an issue which they have to tackle everyday of their life and pay even when it's an abysmal, inadequate and expensive alternative.

• Education

A government school with no fee, provision for free mid-day meals, free books and easily available, hassle free admission situated in close proximity. On the other hand a private school with a monthly fee of Rs 150-200, a donation of Rs 2000⁸ to get a child admitted, Rs 500 at least to be paid for books, no meals and no playground facilities.

Which school would parents residing in the slums of Rasoolpura, choose? Most of the residents of Rasoolpura are wretchedly poor, living in small one room houses with inadequate sanitation and health facilities with incomes which can only afford them the luxury of a hand-to-mouth existence. Yet there is a marked preference for private schools even when most household's incomes can just manage to pay the fees. In the survey almost every family who had the means chose to send their child to a private school and only those who were extremely poor usually went to the government schools.

⁸ Kasturba High School. According to Mr Jengam, in a verbal interview. Resident of Rasoolpura and tuition teacher.

Poverty Premium

The whole of Indirammanagar and beyond which constitutes a major part of the Rasoolpura slums has only one Government High School that has classes up to the tenth standard. There are about 5-6(governmental) various other provisions for primary schooling for these slum dwellers like Bal Jyothi schools, anganbaris etc. For e.g. there is a school run by the National Domestic Worker's Movement which consists of two small classrooms where the children sit on floors and study. The number of students in these places is thus consequently small.

Wherever the parents are able to afford it, they send their children to private school. This pattern is repeated in the whole of Hyderabad City according to official figures that show that 61 per cent of all students are enrolled in the private unaided sector. These figures are likely to overestimate the numbers in government schools (because of corrupt over-reporting) and underestimate the numbers in the private sector (because many such schools are unrecognized, therefore not noticed).

The reason for the above is not too tough to guess. In Hyderabad on every input, including the provision of blackboards, playgrounds, desks, drinking water, toilets, and separate toilets for boys and girls, both types of private schools, recognized and unrecognized, were superior to the government schools. While only 78 percent of the government schools had blackboards in every classroom, the figures were 96 percent and 94 percent for private recognized and unrecognized schools, respectively. In only half the government schools were toilets provided for children, compared with 100 percent and 96 percent of the recognized and unrecognized private schools. ⁹

The Zilla Parishad High School – A Case Study

The Zilla Parishad High School as mentioned earlier is the only government high school option available to the slum dwellers in the vicinity (it has primary school also). These were some of the findings about the school on the basis of interviews conducted with two school teachers Mr. Sudhakar Sharma and Mrs. Hemalatha and past and present students of the school.

⁹ Tooley, James. 2005. *Private Schools for the Poor*. Publisher: Hoover Institutions. Accessed on 14th June from <http://www.educationnext.org/20054/22.html>

Poverty Premium

The school was started about 50 years ago and is now in the midst of a hand over from the Ranga Reddy district to the Hyderabad district and under the supervision of the District Education Officer, Hyderabad (from Jan 1, 2006) and hence is no longer called the ZPHS. (Although everyone in the area still calls it that). The school works in two shifts and has both Telugu and Urdu medium. The school has 780 students on its rolls according to the teachers. The school has 17 classes and 5-6 classrooms in total with an average of 40 + students in each class. The following table gives the time and medium in which the school is taught.

TIME	STANDARD	MEDIUM
8 A.M to 12.30 P.M	1 st to 5 th , 1 st to 7 th	Telugu, Urdu
12.30 P.M. to 5 P.M	6 th to 10 th	Telugu

In terms of infrastructure, the School was assessed on few basic parameters of basic provisions. There were no toilets, desks and chairs in the school. Drinking water, electricity and mid –day meal was provided. However, the blackboards were of very low quality, library was namesake with just one cupboard of books. There were no extra-curricular activities in the school. The pass percentage according to the teachers was 90% for the class 7-board exams and a 38-40% for the class 10 students. According to NGO's like Bhumi the figure is grossly overstated with a pass percent of 15%. This fact is corroborated by tuition teacher Mr. Jengam.

There was a serious lack of teachers. Thirty teachers are supposed to be on the rolls but there are only twelve teachers, five government teachers and the rest are "Vidhya Volunteers". There are five teachers who teach in Urdu and the rest teach in Telugu. The severe lack of staff can be seen by the fact that there are only five teachers to teach seven different standards in the Urdu medium! That there was no teacher for Math and Science for the all crucial ninth and tenth classes is sad proof of the state of affairs in the school.

The situation of another government primary school is no different. The lack of teachers and staff is a serious problem and there is no electricity, leave alone furniture.

Poverty Premium

The school has been used as a urinal by the local people and thus creates nuisance. Despite repeated requests to the municipal authorities; there has been no reaction to the problems faced by the school. ¹⁰

Why private schools?

Despite poverty of the slum dwellers they choose to send their kids to private schools when government school education can be availed for free. Interviews with respondents clearly showed that some of the main reasons for private school education were:

- English Medium education that the private schools offer scores over Telugu or Urdu Medium available in government schools.
- The lack of facilities at the government school and the lack of teacher interest and absenteeism.
- In spite of added attractions like mid-day meals and no fees, the purpose of a school that of giving education, is lost in government schools.
- The tendency to equate doles by the government with suspicion, i.e. look at it as the basis of substandard quality.
- The facilities in the private schools are much better. Desks and chairs, toilets, lesser teacher absenteeism, computers etc.

Mr. Jengam, a resident of the slum who is pursuing his M.Tech at Osmania University, arguably one of the best engineering colleges in the state is a product of the ZPHS. He had a very harsh view of the quality of education and the teachers at the school. He himself takes tuitions for students who are preparing for their SSC exams and charges each student Rs 100. His students provide him with the insight of what the quality of education is in these schools. He goes on to say that without these private tuitions that students take it would become very difficult for a child to pass his/her board exams and that the quality of education in general and in government schools in particular was pathetic. Most students (those who were still studying) surveyed said that they went to tuition of some sort or the other at a cost of Rs 60 – Rs 150.

¹⁰ News Article, The online edition of The Siasat Daily, July 1, 2006. Accessed on July 9, 2006 at <http://siasat.com/english/index.php?option=content&task=view&id=87000&Itemid=79&cattitle=Hyderabad>.

Poverty Premium

Other government schools are in far off areas. Talking about the kind of difficulties the students faced, Mr. Rayudu of an NGO “Mahita” which works in the field of child education, said that groups of young girls (10-15) walk everyday from the interior slums to schools which are kilometers away! This is one major reason for students not wanting to attend school and high drop out rates. Travelling time itself takes around thirty minutes walking!

- **Housing and Sanitation**

It is without doubt the absence of security and legitimacy of tenure that is central to dealing with the problem of slums. The municipal authorities are not that worried about provision of services as the settlements are still slums and all the steps taken to provide the basic services are more on humanitarian grounds and to curry favour to the huge constituency that the politicians have cultivated. The coming municipal elections are a case in point. The leaders who will be able to promise a lane/sub-lane with drainage or water facilities will get the vote according to Farhana Begum, Manohar Singh etc. The MIM party was first off the blocks in this regard pumping a bore well in a central area in the slums so that people could access water.

Almost the whole of Indirammanagar except for a small tract of land (under Patta System) is illegal and was captured by the migrant population. Vested political interests though ensured that these illegal houses were provided with electricity through meters and thus now are divided into lanes and sub – lanes with proper addresses with each house having a distinct house number.

The land, originally illegally occupied, now has value. 40 “gaj” of land for 1 lac to 1.25 lac is the norm. The rent of a one-room tenement costs around Rs 500-600 according to Chari a carpenter who lives on rent in the area around the temple. Lack of space means that the bathroom is a makeshift one and has a hole that leads into the sewerage. There is no separation for bathing purposes possible.

Colonies in the entire Secunderabad Cantonment Board area do not still have underground sewerage system. Though the authorities have been talking of a plan to

Poverty Premium

build the sewerage system, nothing has materialized till now. Every house has a septic tank that filters the sewerage and releases it in to the drains on the main road. Finally the sewerage of the entire area ends up in open drains, running through the area. Cantonment board officials, however, insist that this system works fine. "In fact, we do not even permit to build a new house unless there is a provision for a septic tank," an official from the board said. A plan for underground sewerage was formally proposed in 2002, when the Hyderabad Metropolitan Water Supply and Sewerage Board took up mapping of the entire cantonment area for providing underground sewerage. This task was taken up along with the mapping of 10 other surrounding municipalities. The cantonment board is yet to receive reports of the survey. "The population has more than doubled here, but there has been no corresponding change in the sanitation here," said cantonment MLA, G Sayanna. Meanwhile the slums of Picket, Rasoolpura, Vikrampuri and areas like Bowenpally, Babuji Nagar and Trimugherry village and others have no sewerage lines at all. ¹¹

The houses along the main roads in Indirammanagar still have a drainage system in that at least it drains into the nala. The real problem lies with sub lanes in the interior, where the houses are all kuccha and the really poor live. They have acute problems with the drainage system wherever there is one. The drainage lines are just pipes dug in and can be seen protruding out on the road. For instance Md. Madarshah (1-38-2690) had at the time of the survey drain water which had overflowed and had entered into his house. The lanes in which Satyamma and Jengam Rao reside all have the same problem. All of them faced the problem that was probably absent in the main roads. The drains in their lane were of the most rudimentary sort, given to overflowing.

Hygiene and sanitation are way below standard here. The slum also means that the authorities are not bound to regularly collect the garbage in the area. The pattern of garbage collection is irregular, sometimes once in a week also, according to Mohd. Iqbal. The "safai karamcharis" again have to be bribed to ensure that they clean the particular street. The residents don't consider it as a bribe though as it is a nominal

¹¹ Times News Network, *No sewerage lines in Cantonment Area*. Online edition of the Times of India, May 06 2004. Accessed on 10th June at <http://timesofindia.indiatimes.com/articleshow/661357.cms>

Poverty Premium

amount of Rs 5 and thus they do not mind spending that much provided there is cleanliness. The direct fallout of the lack of sanitation is that contagious diseases like the latest "Chikungunia" become particularly potent in this area.

There is one small settlement in Indirammanagar, which has a patta system, but there are no private bathrooms in the area. Thus only here do the residents use the public bathrooms. The condition of these bathrooms is pathetic according to Mr. Mahmood who lives in the settlement. He says that if the public toilets are not cleaned everyday and, frequently they are not, the condition becomes unbearable. They thus pay the karamcharis a bribe to ensure that they do not absent themselves too frequently. The bribe is again considered to be just "kharcha pani", around Rs 20 a month by each family. The public toilets that were originally there were also destroyed but no new ones were built in their place.

The premium on housing and sanitation is heightened by the lack of land rights and ambiguity in the authorities responsible for this area. There exists no formal land rights system and land rights are defined by those who have been occupying it. The houses constructed, whether kuccha or pucca are all illegal except for those which are under the patta system. Thus property ownership is recognized by items like the electricity bill. This becomes one of the most important proofs when a land deal is being made. There is a form of registry system that exists under the benign "benevolence" of the local leader who has to be paid off for every transaction, by **both the buyer and the seller**. This is done so that he can become the proof of the deal having taken place and so that he does not create problems for the new occupants. **The charge is usually about 5-10% of the value of the land being transacted.** Considering that the land costs around 1-1.5 lakh the leader or broker makes a cool Rs 10,000 as he takes a fee from both the buyer and seller.

Even under government schemes like provision of gas cylinders for say 20 families, the leader ensures that he gets his cut, before the cylinders can be provided. He uses his influence to ensure that only those who are willing to pay him end up with any assistance, and is able to corner at least 4-5 gas cylinders. Thus the leader exploits this proximity to government officials and his local influence to extract a premium out of

Poverty Premium

these already poor families. There is an overcharge that the residents have to pay to ensure their basic services. The premium is money as well as the harassment that people have to go through in order to get these services that middle class gets conveniently. The fact that urban poor is willing to pay emerges here however, they end up paying more due to the illegality of the system, thus augmenting their poverty.

The illegal nature of the houses means that very rarely do people expand their house beyond the one or two rooms. There are many families in the slums with as many as 6-8 members who live in cramped one room, one floor houses which simply become too burdensome. The fear of illegality does not allow them to think of expanding their houses and all of them are single storied.

The lanes that do not have a proper underground drainage system have to get the drainage line laid on their own. In case of Jengam's lane the government provided the pipes. The cost of laying it according to him would cost around Rs 25000 and that they had to contribute at least Rs 15000. Fifty households were going to contribute Rs 300 to get the line laid. Md Madarshah lives in a lane where the problem of drainage is particularly acute. Drain water spills over into their houses. They claim that to get the drain cleaned again it costs Rs 400. The installation of the drainage system costs Rs 1000 per family according to him. The government does not help in getting the drainage cleaned and private persons have to be engaged for the task. Manohar Singh, Md. Ismail etc say that the drainage water frequently enters their houses. Manohar says that the drainage line is susceptible to overflowing and breaks down almost every one or one and a half month. The repairs cost Rs 400 and all the houses have to pool in. The cleaners are not provided by the government but are private cleaners.

"Safai Karamcharis" are an extremely rare sight. Their work is to collect the garbage from the designated bins. Roads are hardly swept, and the slums cleaned only once in a blue moon. The "nala" which runs halfway through the slums is also used as a dumping ground. The karamcharis who do come also demand Rs 5 per family for cleaning the premises. The slums remain dirty and strewn with garbage, overflowing with drain water. This results in various water-borne and mosquito related diseases.

Poverty Premium

The money taken by these people to clean the public toilets Rs 15-20 is again an added cost.

For eg. the "chikangunia" disease spread by the bite of mosquito has an iron grip over the area and results in whole families ill and feeble for a week at least. So much so that free medicine is being distributed, free of cost, as a precaution by NGO's and the government. Diarrhea, malaria is also a direct result of the lack of sanitation and hygiene. Thus the slum dwellers pay for the maintenance and construction of their own drainage system, and even then have to bear drainage water overflowing and entering into their homes. Therefore without a doubt, the poverty premium on housing and sanitation is huge, qualitatively and quantitatively.

- **Finance:**

It is in finance that there is the clearest incidence of poverty premium in Rasoolpura. These slum dwellers are too poor and ignorant to have access to banks. Thus moneylenders who abound in the area meet most of their finance needs. The moneylenders exist precisely because the poor do not have access to banks and bank loans. These banks are not willing to give small high risk loans that do not give them a great return. The banks are also discouraged due to the high cost of carry of these loans. An alternative system of finance thus exists here due to the need of these slum dwellers for credit. The system is one of **daily finance**, where some part of the debt has to be paid off everyday without fail till the whole amount with interest is paid back.

For example for a Rs 1000 loan, the system of repayment is as follows. The loan amount is never paid up in full. Rs150 is deducted at source and only Rs 850 is paid. Then the loan taker has to repay every day an amount of Rs 10 without fail over a period of 100 days. **The rate of interest for such transactions comes out around 65% per cent per annum**, which is exorbitantly high and does not allow these people to rise out of the poverty trap. Satyamma who took a loan of Rs 3000 in fact had to pay an even higher rate of interest as Rs 360 was deducted from the loan amount and she has to pay Rs 30 daily for around three and a half months. The rate of interest for this transaction would amount to around 67% p.a. again.

Poverty Premium

Tuka Ram, a shoe polish man, in Rasoolpura, said that out of the daily money he earned most of it would go towards paying off the daily loan and that it was this system of finance which was at the root of the problem for poor slum dwellers like him. Md Haji Mastan, a fruit seller, said that these moneylenders were a dangerous lot who was not averse to using intimidation and coercion to recover the money. Thus in matters of finance, a huge poverty premium has to be paid by these poor slum dwellers.

Around 80% of those surveyed said that they did not have a bank account. Md. Rauf who has a bank account with Canara Bank said that he had to pay Rs 4000 as the initial deposit and required a proof of address, a person for surety. When loans in most banks do not usually exceed 10-15% for the credit worthy the rate of interest for the slum dwellers is extremely high. The moneylenders provide a service to these residents that authorized banks are not willing to, and thus the high rate of interest is the risk premium they attach to the much-needed funds that they offer.

Micro finance too is only in its nascent stages in Rasoolpura. Paul Chater of Aid et Action with the help of two ISB graduates and in association with a local NGO was trying to set up a pilot project in micro finance at around the same time the survey was being carried out. He said that there were only 2-3 Self Help Groups in the huge area and that micro finance was still to catch on in these particular slums.

One more interesting thing is that though established banks like Citibank through Citi Financial do provide loans for the high-risk category people the rate of interest still did not exceed 38-45 % as a maximum. But the difficulty in getting the loan (one in ten gets a loan) is probably one factor that dissuades the slum dwellers from even trying. Thus even though the formal sector is ready to lend to the poor the accessibility of the informal sector means that it still commands the lion's share as far as loans are concerned.¹² Also there have been two cases of banks running away with the slum

¹² Verbal Interview conducted with Mr. Adhir, Personal Loans Division, Citibank, Hyderabad on 10th June 2006.

Poverty Premium

dwellers' deposits. Thus there is a measure of distrust against banks and the slum dwellers don't get too enthusiastic about banks and opening easy accounts.

- **Health**

Health services are only provided by private doctors in the area. There is no big hospital in the vicinity and more importantly there are no government clinics around too. This means that the health services are provided by a few doctors and many Registered Medical Practitioner's (RMP's) who have set up small clinics. There are around 10-12 RMP's and doctors in Indirammanagar and around alone. These clinics are equipped only with the most basic facilities like blood pressure machine, drips etc. No advanced machines are present and the residents have to go to Gandhi Medical Hospital in case of a more serious ailment.

The doctors in the area are fairly competent according to most people and they say that at least for most common ailments the local doctors suffice. The doctors charge anything from Rs 20 to 50 a visit and the same amount for all subsequent visits too. Around 25% said that the doctors overcharge and give too many medicines as there are in cahoots with the medical hall owners. The residents doubt the educational and professional qualifications of some of the doctors too as there is no guarantee that the so called doctor is actually a fake. There is no cheaper alternative available so the residents have to consult these doctors. Dr Prabhakaran runs a small clinic in Indirammanagar. He says that some of the common problems that people come to him for are diarrhea, malaria, dehydration, food poisoning etc, a direct consequence of the woeful sanitation conditions and the quality of water.

There is no ambulance service in this area as it is difficult to access. This means that in case of an emergency serious patients have to be taken on auto rickshaws to the nearest hospital. This is a serious shortcoming and can be the difference between life and death in some cases. There is a primary health centre which is present in the area. The biggest indictment in case of the health service provision is that not one of all the respondents questioned knew about the health centre as it was almost non-functional.

Poverty Premium

The consultation costs vary and usually each injection cost Rs 10. There is no medicine provided by the government and people depend on private medical stores. Most respondents who had to enter the Gandhi Medical Hospital spoke of a nominal bribe of Rs 5-10 to gain entry in the hospital. The conditions though have improved and there were only one or two cases where bribes during and for treatment were asked (Md. Nayeem who had to pay a total Rs 6000 towards expenses, including bribes and bed, medicines etc.). Some bureaucracy still exists though with some patients being told to come back one week after they were first examined without any attempt to check how the patient's condition was progressing. The hostel staff, nurses etc. too ignore the patients and as a result the patients usually have a tough time in the hospital. Much more needs to be done in the field of health as the slum dwellers are highly susceptible to various diseases due to their poverty and hostile surroundings. The non-functional government health centre, access to a decently large hospital in the vicinity and a dedicated health centre need to be set up so that the message of hygiene and health awareness is sent across to the residents of the slum.

Conclusion

The survey clearly shows that the slum dwellers are paying a premium on all the services, either qualitatively or quantitatively. The eco-system in which these slum dwellers live means that to aspire and live a life with some basic necessities is also costly. Some of the reasons are

- Illegal nature of the slums. Most provisions are automatically denied to them as a result.
- Poor resource base for creating and constantly maintaining infrastructure.
- Little or no accountability of the cantonment board.
- The deep distrust for institutions like banks, government offices and a failure to get their voice across to the authorities.
- Service provision for the poor becomes a sporadic activity rather than a regular service delivery system.

The objective of this survey was to verify if there was a poverty premium which was actually being paid or not by the slum dwellers. In some cases like power there is no premium paid as each house has been fixed with an electric meter and they pay

Poverty Premium

accordingly. Qualitatively too the power situation in Rasoolpura is as good as any area. The premium paid on water, finance, sanitation is substantial. The water supply is one of the biggest problems that the slum dwellers face. The water supply is erratic, insufficient and costly as compared to a middle class home.

Finance is where they pay as much as 5-6 times the interest paid by bank account holders. In addition they lose out on interest that could accrue if they had a bank account. The slums have an extremely poor underground drainage system and the drains overflow too often making life miserable for the people whose houses are constantly filled with drain water. On top of that the government does not provide for sanitation services like cleaning of drains. Everything has to be a private initiative and paid for on a per house contribution basis.

Land tenure continues to be a daunting issue in addressing the problems of the poor too as they remain the most vulnerable due to absence of tenurial rights and have to consequently live in the insecurity and with irregular services. Education is another extremely worrying factor. The very purpose of setting up government schools is so that good, low cost education can be provided to even the most deprived. The high number of dropouts, child labourers, and children who go to private schools in Rasoolpura shows that the government schooling system has been a mammoth failure. It proves that the slum dwellers pay the extremely hefty premium of illiteracy, which does not allow them to rise up the social strata.

It is thus beyond doubt that a poverty premium is incurred by the slum dwellers. This finding is in line with the example of the Dharavi slums as described in C.K. Prahalad's book. The poor do incur costs, qualitative or quantitative, a function of the high cost and illegal eco-systems they reside in. Poverty premium, as predicted by C.K Prahalad is a fact of life, at least in the slums of Indirammanagar in Rasoolpura, Hyderabad.