

# Inclusive Growth – A Solution to Homelessness<sup>#</sup>

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## Abstract

Inclusion is a multi-faceted concept. Growth is said to be inclusive when it allows all members of the society to participate in, contribute to, and benefit from the growth process on an equal basis, regardless of individual circumstances. But, the fact is that the growth in India, and in other countries, too, has not so far been very inclusive. The number of people living below poverty line, illiteracy, increased number of child abuse and child labors, Millions of homeless people on the roads are some of the indicators of exclusion. Inclusive growth, therefore, should become a major policy priority and everyone must share the benefits of growth. The present paper develops a sketch of the homeless people in two metro cities of India in view towards ensuring inclusive growth and reducing the problem of homelessness. The homeless are excluded community in several aspects. However, the paper attempts to measure only the extent of homelessness and the causes of homelessness. The paper is based on primary data and analysis is done using regression model and Binary Logit model. This homeless profile is expected to give an understanding to the academicians and policy makers and throw light on the extent of poverty and causes of homelessness; to reassess and improve on the existing methodologies and suggest new and alternative policies to help people bring them to the mainstream and make growth inclusive. The objectives of this paper are;

1. To analyze the extent of exclusiveness with special reference to homeless people
2. To examine the causes of homelessness and
3. To suggest policy measures

**Keywords:** Inclusive Growth, Exclusion, Homelessness, Poverty, Vulnerability

## 1. Introduction

Economic growth has, to date, received the highest priority. During the last two decades, however, there has been increasing concerns about sustainable development. The Indian economy has accelerated during the last decade to record an average growth of 7.7% to 8.7%. India's achievement at an aggregate level is definitely impressive. Economic growth might have brought glitter and glamor to certain segments. However, in contrast, there is another profile of India, which, is rather gloomy. The growth is not perceived as being sufficiently

inclusive for many groups like the marginalized classes. Around 25% of the people continue to live in abject poverty. year, after year new schemes are introduced and programmes are implemented. Yet, all of these have still left a vast majority of Indians unaffected. The poor are always the headlines for reforms, but, they are also the bottom line of the fruits of these reforms, because they get least benefits from the reforms that are undertaken (Kurian 2007; Urban Poverty Report 2009).

Poverty cannot be reduced and development will not happen unless and until the extreme poor are included

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in the process of development. It is here that the need for inclusive growth comes to picture. As per the Planning Commission of India, 'the term "inclusive" should be seen as a process of including the excluded as agents whose participation is essential in the very design of the development process and not simply as welfare targets of development programs.'

'Growth is inclusive when it takes place in the sectors in which poor work (e.g. Agriculture); it occurs in places where the poor live (e.g. underdeveloped areas with few resources); uses the factors of production that the poor possess (unskilled labour) and reduces the prices of consumption items that the poor consume (food, fuel and clothing)' says Thangavel Palanivel, the chief Economist of UNDP (2015). In other words, inclusive growth is not just expanding national economies, but it is about ensuring that the most vulnerable of the society are included in the process of growth.

If the growth has to sustain and lead to development, it must be inclusive. The inclusive growth is a powerful means to eradicate poverty, solve economic problems, reduce inequalities and achieve higher growth (Dutz, M. A. 2007). To the extent to which economic growth is, not inclusive poses a threat to the growth perspective of the country. Therefore, exclusion is a serious matter for whichever reason it exists in the societal framework of any country (Dixit, R., & Ghosh, M., 2013).

## 2. Need for the Study

The most desperate form and visible manifestation of poverty is in the large masses of poor under the open sky. They are the 'homeless' – defined as persons deprived of a private roof over their head; persons sleeping in pavements, road side, platforms or sidewalks with their belongings near their sleeping place or hideouts. They face acute deprivation from basic necessities and more specifically, security and privacy (ICWO 2010).

Subsistence wage in unorganized sector seems to have driven them to be homeless. Since, they receive low wages, it is out of their reach to have any savings or improve their conditions. They have to be satisfied with hand to mouth existence. It is beyond their

capacity to own a house. Therefore, the problem of homelessness is largely economic. People who become homeless have insufficient finance. They have no assets or entitlements to cope with shocks and stress (Venissa, M. 2015). They have no political voice and lack effective political representation.

The present paper is a humble attempt to analyze the extent of exclusion people experience in India with the help of a study of homeless population and stresses the need for inclusive growth for a sustainable development.

## 3. The Objectives of the Paper Are

- To analyze the extent of exclusiveness with special reference to homeless people.
- To examine the causes of homelessness and suggest policy measures.

## 4. Methodology

The present study is based on a primary data, collected from 530 homeless households and 72 homeless who were able to shift to a home/rented house (home occupied) in Chennai and Bangalore. Random sampling method is applied to collect the information from the respondents.

## 5. Tools Used

Analysis of data is done using Simple **percentages** and **Regression modeling** for consumption function. Severity of poverty is shown using vicious circle of homelessness. Inequality of income distribution is measured using the Lorenz curve and Binary Logit Model is used to Measure Probability of Households Falling into Vulnerability.

The variables used are Age, education, Caste, household size, Gender, sickness, Assets and skills owned by homeless people and Vulnerability.

## 6. Review of Literature

Daly (1996), writes that homelessness is the result of recent economic changes, which made it almost



impossible for low-income households to afford a shelter in the city. Homelessness represents a continuum from people at risk to those without shelter. A range of programs is needed to address the multiple problems and complex issues associated with homelessness. Timely responses are most important to prevent homelessness.

The exclusion of the poor from access to jobs with adequate incomes and to urban services have given rise to 'the myth of marginality' says Perlman (1976). The term marginality consists of the lack of participation of low-income groups in politics, in their traditional attitudes and in their lack of access to education, health care and adequate standards of consumption. Social welfare, educational programs and creation of job opportunities will curb this problem.

O'Flaherty, (1996), researched that increasing income inequality is behind the increased homelessness. More people become homeless principally, because, they have faced increasingly higher priced housing as its supply had declined. This inequilibrium in the housing market has produced economic inequality.

Burt (1992), studied causes of homelessness, with the help of econometric tools to analyze the structural determinants of homelessness. Burt found the variables that tend to increase homelessness are higher rates of unemployment, higher proportions of single person households, absence of general assistance programs, higher cost of living, and public benefits payments that lag behind the cost of living. The structure of local labor market was significantly associated with rates of homelessness.

The presence of pavement dwellers is a permanent public exhibition of the failure of the country to provide its citizens with the basic requirements of human existence, says Adsule and Thomas (1990). One of the basic reasons why city planning has failed is, because, it is done as an administrative exercise without paying sufficient attention to the grass-root problems involved. In the final analysis it is the quality of co-operation that people bring to a policy decision that can guarantee its successful implementation.

In the international context, many studies have focused on the problems of homeless people. Anthropologist, sociologists, nutritionists, economists, and development scholars have ventured into the area and have researched into different issues pertaining to homeless to implement suitable policies and adequate measures. In India, hardly any systematic study exists to analyze the conditions of homeless people. A few sociological studies are done in India. But, no economic analysis of this population has been attempted so far; no analysis to find the extent of exclusiveness and hardly any focused efforts to bring them to mainstream of the society. The study reports tell us that most of the homeless people who are homeless in the cities have arrived here in search of a better life; they are from different villages and sometimes-different states, where the economies did not provide for even the minimum standards of living.

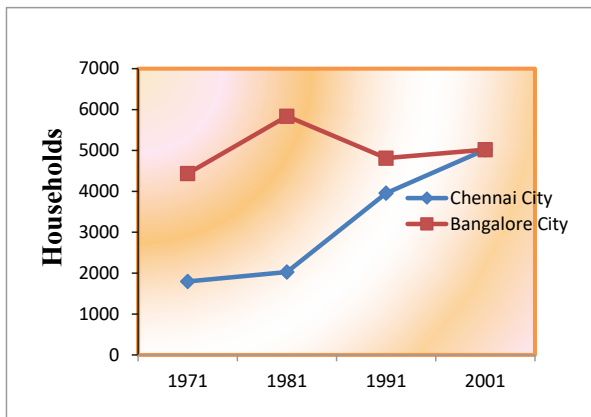
As the time passes, the number of homeless is on the increase. Adequate statistics are not available. This marginalized section of the society who lives 'hand to mouth' has not been able to connect to the booming growth of Indian economy and have no savings; if any, very low savings, consuming all they earn. Hence, it is imperative to investigate about their socio-economic conditions, ability/inability to participate in financial markets, accessibility/inaccessibility to social security measures of government. It is an attempt to understand the nature of urban poverty in India based on an empirical study that takes into consideration the analyses at the grass-root level.

## 7. Analysis and Findings of the Study

India defines homeless people as persons who are not living in census house. The latter refers to a structure with roof. They are noticeable at the later part of the night, sleeping on the roadsides, pavements, road dividers, markets, under staircases, temples, tents and vehicle stands. There are people who are homeless for four to five generations. These have survived City Streets for six to seven decades braving the hostile conditions without being able to claim their rights and privileges.



The census 2010 estimates 13 million homeless people in India. The problem of homelessness not only subsists in all cities, but, also increases day by day. As cities grow, so does the problem of homelessness. (Table 1) and (Figure 1) gives the growth of homeless people in two metro cities of study.



**Figure 1.** Homeless population in Chennai and Bangalore cities.

The homeless people or their ancestors migrated from villages to cities in search of employment. They were engaged in over 25 different occupations like self-employment, casual laborers and low salaried jobs. Most of them were street vendors and coolie workers. The occupation pattern clearly points out that they had to be location-specific. Many of them had to reside where occupation was available. A large number of them had to wait hours together to get work. On an average, they had only twenty days of work in a month. There was a significant difference in the average income of male and female too. Female-headed families had to struggle for daily survival (D'Souza, P., 2013). Low wages, irregular working days/hours made them submit to different vulnerabilities.

Most of the homeless were asset nil people. They did not have any kind of wealth or security for the future. Many of them did not possess any entitlements, like, ration card, voter id, and bank account. These made them very vulnerable and most excluded.

The homeless were totally excluded from financial services. Even if, they wanted to open a bank account, they could not do it, as they did not have permanent address and identity proof. Hence, most of them preferred not to save, as there was no safety and security. Those who saved from their daily wages normally deposited the amount with the shopkeepers (D'Souza, P. 2013). If they had an opportunity, they would have saved. The consumption function estimated via ordinary least square also helped to arrive at this conclusion. It shows that the marginal propensity to consume of the homeless was 0.77, so the marginal propensity to save is 0.23.

$$Y_i = \beta_0 + \beta_1 X_{1i} + U_i$$

$$(\text{Consumption}) = 746.22 + 0.769 (\text{Income})_i + e_i$$

$$t (6.28) (59.12)$$

$$\text{Sig. } t \ 0.001 \ 0.001$$

$$F = 3495 \ R^2 = 0.868$$

So providing access to financial services has significant potential to help poor to come out of poverty. Financial inclusion promotes thrift and develops a culture of saving.

Individuals and families both fell into the clutches of homelessness. While poverty, unemployment,

**Table 1.** Homeless households in Chennai city and Bangalore city

Chennai City					Bangalore City			
Year	Homeless*	Male	female	Persons	Homeless*	Male	female	Persons
1971	1797	4173	3651	7824	4436	5558	1841	7399
1981	2029	4179	3961	8140	5836	10404	4750	15154
1991	3957	10597	8447	19044	4812	7323	3593	10916
2001	5019	14705	12624	27329	5020	9909	6278	16187

Source: Census of India, 1971, 1981, 1991, 2001

\*Homeless Households



natural calamities, debt, sickness led a family into homelessness, absence of family, rejection and family disputes were responsible for individual homelessness. Homelessness in some cases was permanent and in others partial. The permanent homeless people were born on pavements, lived on pavements and die on pavements. Partial homeless people were migrants to cities due to unemployment and poverty in the village. Mostly they had some amount of contact with their family or relatives, visited the native village and transferred money back home. Chennai had around 87 percent of households who were permanent while in Bangalore only 30 percent were permanent homeless. The rest were migrant homeless.

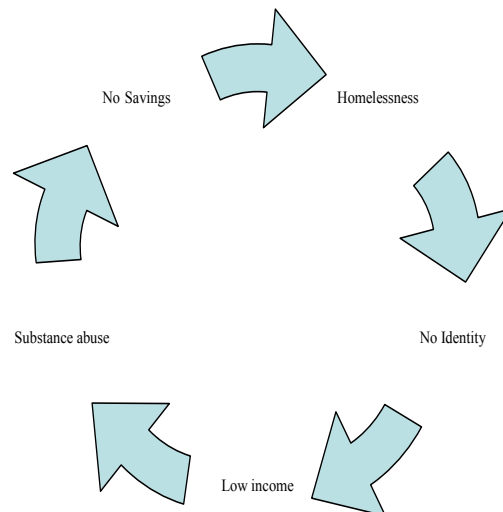
The homeless families experienced worse circumstances in comparison with single homeless people. They did not have any security and protection, whether it was in rainy season, or dry season, in sickness or health, peril or danger. It was distressing to see the new born laid exposed to the sun and moon, old and sick lying in an environment, where there was maximum air pollution, noise pollution and water pollution.

## 8. Causes of Homelessness

Causes of homelessness are put under two categories viz. structural problems and individual factors. Structural problems relate to lack of affordable housing, changes in the economy leading to unemployment, inadequate income, rural urban migration, eviction and erosion of family and social support. Individual factors are mental illness, domestic violence and disability.

The study revealed that the homelessness is interwoven with poverty, unemployment and inequality. Nearly 75 percent of the respondents felt poverty as the main reason for their homelessness and 60 percent considered lack of affordable housing and unemployment as the reason for their homelessness. When people were poor and unemployed in their villages, they migrated to cities in search of employment/livelihood. Since they did not have skills to absorb them in formal sector, they were employed in informal sector with low wages (D'Souza, P., 2013). Failure to find adequate means to support resulted in settling on the pavements and

vacant lands. There is a triangular relationship between poverty, migration and homelessness. This relationship further leads to vicious circle of homelessness.



**Figure 2.** Vicious Circle of Homelessness.

Another important aspect to be noted here is, even though homelessness exists for so many years, there is no national policy formulated to solve the problem of homelessness in the country. A few measures like, wash room in public places and night shelter facilities have been provided recently. They do not have basic facilities like safe drinking water, light and medication. Thus, the homeless people are affected by many factors that relate to poverty, vulnerability, financial exclusion and many more.

If poverty reflects current state of deprivation or capabilities to satisfy present needs, vulnerability on the other hand, may broadly interpreted, as an ex-ante measure of well-being, reflecting not so much how well off a household currently is, but, what its future prospects are. What distinguishes the two is the presence of risk, the fact that the level of future well-being is uncertain. Vulnerability is the crucial aspect of poverty. It is a situation, which the poor confront through their lives in the absence of proper social security measures (Susan L., & Onkar M., 2000).

Many factors contribute to vulnerability. They include poverty, hunger, poor health, low level of education, gender inequalities, fragile hazardous location, lack of access to resources and services and so on. These



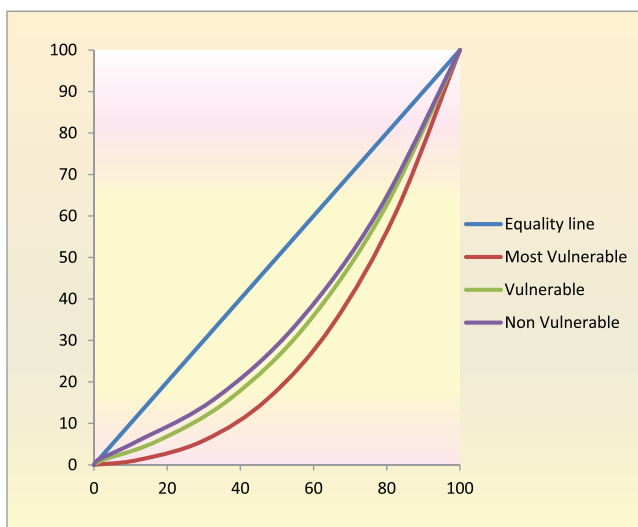
act to undermine capacity for self-protection, blocks or diminishes access to social protection, delays or complicates recovery or exposes some groups to greater hazards, than other groups.

In the present study, a household was identified as the most vulnerable if any of the three factors were present among the following. They are: 1) daily per capita income was less than rupees seventy, 2) household head was a female and widow, 3) presence of chronically sick or seriously-ill member in the family 4) household with disabled individual 5) Old people living only on government assistance, without any work. The home occupied were considered as non-vulnerable.

## 9. Income Inequality through Lorenz Curve

To measure this inequality an important tool in applied work on income distribution is the Lorenz curve (Figure 3). The inequality size is represented by the Lorenz curve that lies below the line of equality. The straight diagonal line represents perfect equality of wealth distribution. The difference between the straight line and curved line is the amount of inequality.

Given the conditions and situations, the homeless people experienced different types of vulnerability in the present study, while it was evident that all homeless



**Figure 3.** Lorenz curve representing income inequality of homeless people.

were vulnerable, some were more vulnerable than the others were. Accordingly, three classes were made as, the most vulnerable, vulnerable and non-vulnerable (those who shifted from homelessness to home). From the above graph, it is clear, that the amount of inequality experienced by the most vulnerable is greater than the vulnerable and the inequality faced by vulnerable is greater than the non-vulnerable. Thus, the most vulnerable homeless people lie furthest from the equality line.

## 10. Binary Logit Model – Measuring Probability of Households Falling into Vulnerability

For the purpose of measuring probability of a household falling into vulnerability and examining the factors that influence the vulnerability conditions of the homeless households, the Logistic Regression analyses was used. The explanatory variables used in the model are: age, education, caste, household size, gender, sickness in the family, household income, income of the head of the family and skills.

The analysis showed that the size of the household, gender, sickness in the family, income of the head and family, skills and assets significantly influence the probability of a household being most vulnerable (Table 2). The increase in the size of the household, gender of the family head and sickness in the family increase the chances of a household falling into most vulnerable condition. Whereas with increase in the household income, respondent's income and assets tend to reduce the chances of a household falling in the most vulnerable class age, education and caste are not significant.

Therefore, the homeless households are not just poor but, they were also vulnerable. Their vulnerability is influenced by several factors. They not only lack resources, but, also have other factors contributing to it. They are highly vulnerable, because, they do not have resources to deal with present and future threats. Moreover, they are unlikely to graduate out of poverty without help. Hence, it is necessary that policy measures are implemented by the government to solve



**Table 2.** Result of logit analysis - probability of a household falling in most vulnerability conditions

Expl. Variables	Co-ef.	Std. Err.	z	P	[95% Conf. Interval	
AGE	.0074056	.0118909	0.62	0.533	-.0159001	.0307112
EDU	.3216651	.3532275	0.91	0.362	-.3706481	1.013978
CASTE	.2863806	.3514313	0.81	0.415	-.4024122	.9751733
HHSIZE	.4763111	.100965	4.72	<b>0.000</b>	.2784233	.6741989
GENDER	-1.248222	.3164408	-3.94	<b>0.000</b>	-1.868434	-.6280091
SICKNESS	2.075507	.5699257	3.64	<b>0.000</b>	.958473	3.192541
HHINC	-.0006431	.0000848	-7.58	<b>0.000</b>	-.0008093	-.0004769
RESPINC	-.0001987	.0000954	-2.08	<b>0.037</b>	-.0003856	-.0000117
SKILL	1.225514	.6260733	1.96	0.050	-.0015667	2.452596
ASSET	-.888135	.420397	-2.11	<b>0.035</b>	-1.712098	-.0641721
CONSTANT	2.733857	.8791684	3.11	0.002	1.010718	4.456995
<b>Dependent Variable = '1' for most Vulnerable, '0' for other vulnerable</b>			<b>LR <math>\chi^2</math> (10) = 331.06</b>			
<b>Number of Observations = 532</b>			<b>Prob. <math>\chi^2</math> = 0.0000</b>			
<b>Log likelihood = -167.02456</b>			<b>Pseudo R<sup>2</sup> = 0.4978</b>			

the problem of homelessness and Inclusive growth is a powerful weapon to do it.

Inclusive growth, which is to sustain over several years, is broad based across different sectors, says Liedo, V., & Garcia-Verdu, R. (2011). It must create productive employment opportunities, provide for structural transformation, cause a significant reduction in poverty and inequality and avoid growth failures. The importance of achieving larger inclusiveness by countries must translate into realities by incorporating national policies that would do away with exclusion mentioned above. Such policies would initiate strategies, which open up economic opportunities for the excluded (Nagaraj, R. 2013).

## 11. Suggestions

- The study justifies the need to address the problem of homelessness on propriety basis adopting appropriate/low-cost housing policies and a meticulous implementation of the same
- Develop a comprehensive national policy framework on homelessness, which will address the problem of homelessness
- Village economy needs to be paid attention to, in order to prevent further exodus from villages to cities in search of employment and livelihood
- State governments should initiate skill-training facilities to all homeless youth

## 12. Conclusion

The problems of homeless people are multi-dimensional. They are cut off from the rest of the society. The society considers them with contempt, judging them as lazy, dirty, and as miscreants. They are in an unsafe and insecure environment. Women and girl children are in constant threat of vulgar passes and wandering strangers. Drunkard husbands and fathers are heartache, cause of distress and despair for many women and children in the homeless families. Economic problems are plenty, starting with getting proper two meals a day for some.

While the era of globalization gears towards growth and profit it also works with ill effects that upset the world order of justice, peace and love. It seems justice and human relations are no longer the goal of globalization. The social responsibility to take care of the poor and the weaker sections of society is replaced by selfish concentration on self, instant gratification of self and so on. Rapid destruction of human values is noticeable by the denial of human rights and moving away from moral and social dimensions of life. We ought to recognize every human being with dignity and accord respect. This stipulates we do something to ease the misfortune of our brothers and sisters who are less fortunate so that they too can have the joy of having at least the scraps that fall from the table of their master (Matthew; 15:27).



Inclusive growth attainment is a moment when the country achieves that level of equity, where the citizens enjoy freedom and security, brought about by adequate basic services. So, planned growth strategies, which include all, and even the most disadvantaged will truly be sustainable as well prove to be a solution to homelessness.

### 13. Scope for Future Research in the Area of Study

There is a wide scope for further research in the study area. The growing homeless population in India is a challenge to the society as well as to the policy makers. The fast growing inequalities reflected in the lives of homeless people calls for grass-root studies; unearth the real causes and consequences of poverty and vulnerability in the midst of plenty in an era of development. The scope for further researches are:

A study can be made into the suitability of financial assistance for the homeless people; financial inclusion for the homeless people with the organized financial institutions; Skill development programs and their impact; Women and criminal activities and its connection; Health issues especially of women and child health can be analyzed (Shyni, V. K., & Mavoothu, D. 2014). District-wise analyses can be taken up; Communication and networking with them; so that their services could enhanced and used.

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