

# HOUSING AND FINANCIAL CRISIS: STUDY OF RAWALPINDI

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**ABSTRACT;** *Owing a house not only refers to stability in one's life on individual level but is also a significant source of creation of healthy economy on national level. Dearth of affordable housing in urban areas is considered to have damaging effects on a community's overall health. This tumult of housing crisis is causing an alarming situation for Pakistan's economy as a developing country but is largely being ignored. This study focuses on the issue of housing and its relation with financial crisis with a keen perspective looking at its causes and consequences, and then proposes solutions of this festering problem. The study is circumscribed to Rawalpindi – A low economy urban area in the neighborhood of country's capital. The research approach used is mainly elastic including both quantitative and qualitative research techniques.*

**Key words:** Pakistan's economy, Housing, Financial crises, Housing policies

## INTRODUCTION

Shelter is, being third after food and clothing, has proved itself among the basic necessities of life. The need to provide one's self security leads to idea of a house. But this is just more than that for in many societies, the house has come to symbolize stability and even status now [1]. It is hard to identify now whether house is a basic necessity, a right, privilege or a civic requisite. It has turned to be the largest single investment for many lately and thus has also been playing a huge role in economies worldwide.

Housing works as a measure of economic performance as it can both lead to development in the form of competitiveness or to seclusion in terms of spatial concentrations of poverty. This spatial differentiation further leads to larger issues including mainly, health, education, and transportation problems [2]. Financial crisis holds a large share among all other economic crisis [3]. A turmoil that is significant enough to shake even the most powerful economies of the world.

In present condition when Pakistan is already facing bankruptcy along with other economic crisis [4]. The provision of a better and affordable housing needs attention more than any other factor as it eventually turns out to be the mother factor of all the problems. "In a situation when urban population is increasing at the rate of 4.7% yearly the total urban housing need in the country goes to over 2.7 million units even in pre-flood situations and cannot be put aside delaying further" [5].

First tremor to the economy of population was given by the crisis of 1988 [6] and housing was the first in the list. Government implemented a medium term structured adjustment program to manage the national outflows under the framework of World Bank and IMF. Due to handling in balanced faulty policies the program resulted in an increase in the poverty incidence from 13.8% in 1987-88 to a percentage of 17.26% in 1990-91.

One of the recent can be taken as the one of year 2008 after the crash of "Wall Street" [4]. As a sever consequence to this the labor market began to get worse in most of EU member states .GDP growth suffered time lag where employment growth rate also got thinner with an estimated loss of about 8.5 million jobs till 2010.Among the effectives of this type of crises the one who suffer most are the middle and lower income groups. They owe houses according to their needs, affordability and social conditions [5].

This study presents the issue of housing in Pakistan, in terms of its role in accumulating assets, its share in financial crises,

its impairments, and then proposes some reliable easy to implement solutions.

## MATERIAL AND METHODS

The research was conducted in 'Mohalla Arya', Zila Rawalpindi (Pakistan) by using both qualitative and quantitative tools. A sample of 50 respondents was chosen through convenience sampling, whom questionnaire were filled. The purpose of the research was to study the effect of financial crisis of housing structure.

## RESULTS AND DISCUSSION

**Table # 1: How You Find Your Locality?**

| Do you live in your own house or you live on rent? |           |     |        |
|--|-----------|-----|--------|
|  | Responses | Own | Rental |
| Do you find this locality suitable?                | Yes       | 18  | 17     |
|  | No        | 10  | 5      |

The results computed from cross tabulation show that 56 % of the respondents who live in their own houses 64 % are satisfied while 36 % are not satisfied with their locality. Whereas 44 % respondents who live on rental houses out of which 77 % are satisfied with their locality while 23 % respondents are not satisfied with their locality.

Respondents respond that they are satisfied with the area where they live because of the availability of the basic facilitates within their budgets. They find it suitable because it is near to the schools of their children and their work places, and the rent of the houses in this area is comparatively reasonable than other areas in Rawalpindi. Many respondents who are not satisfied with their locality think that there are no basic facilities like Cleanliness, Transportation and proper Playing area for their children. Home owners are happier and healthier then owner then non owners.

Cross tabulation of the data shows that 56 percent of the respondents who live in own houses, out of which 64 percent live in nuclear family system, while 32 % live in joint family system, whereas only 4 % live in extended family system. 44 % of respondents live in rental houses, out of which 73 % live in nuclear family structure whereas 22 % live in joint family system, whereas only 4 % live in extended family structure.

**Table # 2: What is your family structure?**

| Do you live in your own house or you live on rent? |                     |     |        |
|--|---------------------|-----|--------|
| What is your family structure?                     | Structure of family | Own | Rental |
|  | Nuclear             | 18  | 16     |
|  | Joint               | 9   | 5      |
|  | Extended            | 1   | 1      |

Modernization changed the family structure of the society. Most of the respondents said they prefer to live in nuclear family system because it is easy to maintain house hold budget, where as in joint family is joint effort of all the family members. If some person in family earns less, it can be compensated by other family members. Whereas people living in extended family responded that they are just living because of some issues otherwise they prefer living in nuclear family system [7].

**Table # 3: How Much Amount You Spent On Your Houses?**

| Do you live in your own house or you live on rent? |                 |     |        |
|--|-----------------|-----|--------|
| How much amount you spent on your houses?          | Amount spent    | Own | Rental |
|  | Les than 10000  | 2   | 0      |
|  | 10000-20000     | 6   | 7      |
|  | More than 20000 | 20  | 15     |

The results of the cross tabulation shows that 56 percent respondents who live in their own houses, out of which 7 percent said that they spend less than 10000 amount on their houses , while 22 % responds that they spent 10000-20000 amount on your houses, where as 71 % respondents said that they send more than 20000 on their houses. 44 % respondents live in rental houses, out of which 32 % respondents said they spend 32 % spend 10000-20000 on their houses while 68 % respondents spend more than 20000 amount on their houses.

A few respondents said that they spend less than 10000 as they have their own houses, they do their households by their own and have financial crisis. Many of the respondents spent 10000 to 20000 because they have children, they go to school, tuitions and Madrassa with high fee. Respondents have to spend money on Transportation, rent, schooling, bills and many more [8]. A huge number of the respondents spend more than 20000 because they led comparatively luxurious life. They have big houses, cars and almost every facility and every luxury in their life.

The cross-tabulated data showed that 56 % respondents live in own houses, out of which 64 % who live in their own houses are satisfied with their locality while 35 % respondents who own a house are not satisfied with their locality. Whereas 44% respondents live on rental houses, out of which 86 % respondents who live on rental houses are satisfied with their locality while 14 % who live on rental houses are not satisfied with the area they are living in.

Mostly people are not satisfied with their locality as they found there is lack of facilities in the area so if they get any chance they will change the area without any regret. There are the respondents who don't want to change their locality because they think the place is quite suitable for them and they can have better life here rather than changing the locality.

**Table # 4: Are You Satisfied With Your Locality?**

| Do you live in your own house or you live on rent?        |          |     |        |
|---|----------|-----|--------|
| Would you like to change this area if you get any chance? | Response | Own | Rental |
|   | Yes      | 18  | 19     |
|   | No       | 10  | 3      |

**Table # 5: Do Houses Gives Better Social Status?**

| Do you live in your own house or you live on rent? |          |     |        |
|--|----------|-----|--------|
| Better housing gives better social status?         | Response | Own | Rental |
|  | Yes      | 23  | 19     |
|  | No       | 5   | 3      |

This report showed that 56 % of the respondents live in their own houses, out of which 82 percent respondents who own houses think that houses reflect the society, while 18 % who also own their houses responded that social status cannot be judged by the house structure. 44 % respondents live on rental houses, out of which 86 % responded that better houses gives better social status while only 14 % who live on rental houses responded that houses do not gives the better social status.

Many respondents stated that size and quality structure of the houses shows the social status of the well-beings. the people who live in big and well structured houses shows that they beings to elite class where as people with poor structure houses assumed to be low in status. Whereas some respondents said that status of the well-beings is not reflected by the structure house they are living in, because they have big bungalow but may be they don't have anything to eat [9]. There are many collar men in the society whose social status is not reflected by their houses.

**Table # 6: Do Location Affect The Prices Of Houses?**

| Do you live in your own house or you live on rent? |          |     |        |
|--|----------|-----|--------|
| Location affect the price of house?                | Response | Own | Rental |
|  | Yes      | 28  | 22     |
|  | No       | 0   | 0      |

The cross tabulated data showed that 56 % respondents who live in own houses, put of which 100 % think that price of houses is affected by the location they are living in while 44 % of respondents who live on rental houses, out of which 100 % respondents are agreed with the statement that the location you are living in strongly associated with the prices of that locality.

According to respondents reviews prices of the houses depend upon the locality of the houses because different localities have provided with different facilities. Societies which offers playing area, proper water, electricity and gas facilities, hospitals, schools and many basic facilities luxuriously has high price marketing. The areas which has unpaved streets, irregular supply of water, gas and electricity, no proper schools, colleges and hospital have less prices [9].

## CONCLUSION

The research study concludes that the spatial gap and poverty concentrations are increasing in Rawalpindi which shares a large part in country's economy. This is further leading to other major issues specially health issues. Lower income group is suffering a lack of provision of basic standard living in congested areas in substandard houses which is adding to social intolerance.

The reason behind this can be seen that the modernization, industrialization has increased a trend of migration to urban areas but the population growth is not matched by a sufficient increase in adequate and affordable housing. People are forced to build substandard houses in congested areas of the city to creating new slums in the heart of the city.

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