

Urban Squatter Communities and Their Livelihood Challenges: An Analytical Perspective

Dr. Chiranjivi Devkota, Balawant Kurmi

ORCID ID: 0009-0005-4201-6144

Assistant Professor, Rural Development

Butwal Multiple Campus Butwal, Rupandehi, Tribhuvan University

ORCID ID: 0009-0006-6677-4000

Assistant Professor, Population Studies,

Butwal Multiple Campus Butwal, Rupandehi, Tribhuvan University

Abstract

Introduction: Urban squatter settlements represent a growing socio-economic challenge in Nepal. Squatters, often residing on government land without legal ownership, rely on diverse survival strategies to sustain their livelihoods. Aadarshanagar, located in Butwal Sub-Metropolitan City, is one such informal settlement where residents face multiple vulnerabilities. Understanding their livelihood conditions and challenges is crucial for designing effective interventions.

Objectives: The study was guided by the following objectives: To assess the socio-economic conditions of squatters in Aadarshanagar. To examine the role of local organizations in improving their livelihoods. To identify the major factors contributing to livelihood vulnerabilities.

Methodology: A descriptive research design was adopted, using both primary and secondary data sources. Primary data were collected through questionnaires, field observations, focus group discussions, and field notes. Simple random sampling was employed to ensure representative selection of respondents. Secondary data were drawn from relevant reports, publications, and institutional documents.

Analysis: The analysis indicates that squatters in Aadarshanagar live under difficult conditions but exhibit a relatively moderate socio-economic status compared to typical squatter settlements. This improvement is attributed largely to the assistance provided by local organizations. Despite this, their livelihood security remains precarious, mainly due to political instability and frequent exposure to natural hazards, which stand as the major factors of vulnerability.

Conclusion: The study concludes that sustainable improvement in squatter livelihoods requires political stability and the establishment of effective, squatters-oriented organizations. Institutional support and policy interventions are critical to strengthening their resilience and ensuring long-term well-being. This research provides valuable insights for policymakers and development practitioners to enhance living conditions and promote sustainable livelihood strategies in Nepal's rapidly urbanizing context.

Keywords Urban Squatters, Livelihood Challenges, Butwal Sub-Metropolitan City, Socio-economic Status, Vulnerability and Resilience

Introduction

Nepal is a geographically and culturally diverse nation that shares borders with India on the east, south, and west and the Tibet Autonomous Region of China on the north. Nepal, a landlocked country in South Asia, is

home to over 29.16 million people and is growing at a pace of 0.92 percent each year (Central Bureau of Statistics [CBS], 2021). More over one-third of the population lives in rural areas and is primarily agrarian, depending on subsistence farming. One of the main forces behind the large-scale rural-to-urban migration in quest of alternate sources of income has been the inability of agricultural products to satisfy local consumer demands (Subedi, 2002).

In Nepal, squatting the unlawful occupancy of land without legal tenure is a major urban problem. Locally, the phrase "Sukumbasi" refers to marginalized, landless, and displaced people who are occupying public or government lands without authorization. Due to poverty, unemployment, social discrimination, natural disasters, and displacement brought on by conflict, the squatter population has significantly increased in recent decades, from an estimated 2,000 in 1985 (Gallagher, 1992; Lumanti, 2001; Dhaulagiri Journal of Sociology and Anthropology, 2024). Makeshift shelters made of temporary materials are a common feature of squatter communities, like Aadarshanagar in Butwal Sub-Metropolitan City-12. These areas also suffer from a lack of access to clean water, sanitary facilities, reliable governance, and transportation infrastructure (Field Survey, 2025).

Although squatters' occupational patterns vary, they are primarily defined by low-skilled informal labor, such as rickshaw pulling, street vending, wage labor, and domestic services, which frequently leads to unstable and inadequate wages (Sapkota, 2006; Study on Balaju Squatters, 2025). Tenure insecurity and restricted access to public services intensify the economic, political, social, and environmental marginalization that squatters face despite their vital role in urban economies (Timilsina, 2007; GSDRC, 2023).

By emphasizing capability building, equity promotion, and sustainability through people-centered and participatory interventions at various levels, the sustainable livelihood framework offers a thorough method for examining and resolving these complexities (Chambers & Conway, 1992; Scoones, 2009; DFID, 2001). Squatters' livelihood strategies in Nepal's urban environment are closely linked to socioeconomic status, access to education and skills, and resource availability. This highlights the importance of legal recognition of tenure and better service provision as a lynchpin in the quest for livelihood security (Ashley & Carney, 1999; Khatiwada, 2013).

One representative example of a Nepalese squatter settlement is Aadarshanagar. The village, which was founded in 2060 B.S. (2003–2004 AD), is home to about 140 households, most of which are migrants from nearby Indian regions and rural districts. As is common in squatter communities across the country, residents face urgent infrastructure deficiencies, environmental health hazards, and governance issues (Field Survey, 2025). Systemic problems like urban poverty, tenure insecurity, and political indifference persist despite ongoing NGO initiatives targeted at improving livelihood and infrastructure (Dhaulagiri Journal of Sociology and Anthropology, 2024; House Committee Report, 2023).

Nepal's urbanization rate is still rising, and rising urban poverty rates are deviating from falling rural poverty levels. According to recent national surveys, the urban poverty rate increased to 18.3% in 2022–2023 compared to rural poverty of 24.7%. This highlights the growing socioeconomic problems that cities face as a result of the lack of suitable housing and possibilities for the poor to make a living (Shrestha, 2024). Squatters' susceptibility to environmental shocks and health hazards is exacerbated by the spatial concentration of informal settlements in disadvantaged and dangerous urban regions (Medecins du Monde, 2025; GSDRC, 2023).

In conclusion, the combination of increasing urbanization, socioeconomic disparity, and inadequate housing and tenure rules is best shown by squatting in Nepal. For equitable and sustainable urban development in Nepal, it is essential to address the livelihood vulnerabilities of urban squatters through better legal recognition, upgraded infrastructure, and inclusive economic policies. The thorough incorporation of sustainable livelihood frameworks and empirical data highlights the pressing need for coordinated policy and programmatic responses that are adapted to the conditions of communities such as Aadarshanagar.

Statement of the Problem

Squatting and landlessness are long-standing problems in Nepal that have historically been hidden by traditional socioeconomic institutions that left impoverished communities particularly those from lower castes reliant on local landlords (Sahu Mahajan) for housing and a living. Despite crises like food insecurity, movement outside of villages was constrained by this reliance. But growing population pressure and sociopolitical shifts have made the poor more vulnerable. Because of ingrained disparities and elite control over development initiatives, the poor have limited access to local resources (Bhattarai, 2005). Small-scale farmers and the rural poor have been further marginalized by economic liberalization and modernization because they are unable to compete with market forces.

Squatter settlements have grown rapidly in urban areas, especially in and around Butwal and Kathmandu, as a result of rural-to-urban migration caused by poverty, unemployment, political unrest, and conflicts like the Maoist insurgency (Sengupta & Sharma, 2006). Barbers, blacksmiths, cobblers, and tailors are among the numerous social groupings that make up squatters. They use a range of livelihood choices that change in response to sociocultural, economic, political, and environmental circumstances. Even though Kathmandu's urban population grew at a rate that was almost three times the national average in the 1990s, the urban poor continue to face marginalization on all fronts political, economic, social, and environmental (CBS, 2001; Timilsina, 2007).

Even though squatter settlements have been the subject of earlier studies, there is still a great deal to learn about their socioeconomic standing, the contribution of organizations to enhancing their standard of living, and the vulnerability they encounter. By examining the following research questions, this project seeks to close these gaps:

- What socioeconomic standing do urban squatters have,
- What part do different organizations play in improving their standard of living? and
- Which livelihood vulnerabilities do urban squatters face?

Objectives of the Study

The primary objective of this study is to analyze the livelihood status of urban squatters in Dhawaha, Butwal Sub-Metropolitan City-12, Rupandehi District. Specific objectives include:

- To identify the socio-economic status of urban squatters.
- To examine the role of governmental and non-governmental organizations in enhancing squatters' livelihoods.
- To assess the vulnerabilities affecting the livelihoods of urban squatters.

Significance of the Study

The findings of this study are crucial for local governments, legislators, and development professionals who are responsible for creating and carrying out focused interventions for urban squatter populations. The study's thorough examination of the socioeconomic circumstances and livelihood vulnerabilities of squatters in Aadarshanagar, Butwal, yields empirical data that is crucial for developing sustainable policies tailored to the local context and aiming to raise living standards, increase housing security, and expand employment

opportunities in informal settlements. The results highlight how institutional assistance and political stability can reduce risks and increase the resilience of these neglected groups.

Furthermore, by using the Sustainable Livelihood Approach (SLA) as its analytical framework, this study adds to the body of knowledge on urban poverty and informal settlements. This theoretical perspective provides both theoretical and practical insights into the dynamics of survival strategies in squatter communities by allowing for a nuanced understanding of the intricate interactions among livelihood assets, external shocks, and organizational interventions. In addition to addressing a specific knowledge need, the study offers a reproducible model for other metropolitan situations in Nepal and other comparable developing nations.

The report also emphasizes the need for coordinated and cross-sectoral development activities by underlining the various vulnerabilities political, social, and environmental that urban squatters face. In order to support inclusive urban governance and sustainable livelihood enhancement, it encourages cooperation between governmental entities, non-governmental organizations, and community stakeholders. The goal of this strategy is to turn squatter communities from areas of vulnerable survival into stronger, more resilient, and socioeconomically stable communities.

Delimitations of the Study

The geographic emphasis of this study is restricted to the Aadarshanagar settlement in Butwal Sub-Metropolitan City, which means that other urban squatter groups that might have different socioeconomic and vulnerability features are not included. Both primary and secondary data are used in the study's methodology, and basic statistical methods appropriate for the size and breadth of the research are used for analysis. A targeted approach has been required due to financial resource and time constraints, which have limited the scope of data collecting and the intricacy of the analytical techniques applied. Furthermore, the selection of areas was impacted by the preliminary data that was available, which could have an impact on how broadly the results can be applied to comparable situations in Nepal or elsewhere.

Research Methods and Process

This chapter outlines the methodology used to investigate the living circumstances of urban squatters in Nepal's Aadarshanagar, Butwal Sub-Metropolitan City. The study, which is based on the Sustainable Livelihood Framework (DFID), uses a qualitative-dominant methodology to investigate the socioeconomic standing, organizational functions, and livelihood vulnerabilities of the squatter population. Squatters' living conditions and coping mechanisms in a dynamic urban setting were systematically documented and analyzed using a descriptive research design. Setting qualitative approaches as a top priority allowed for a greater comprehension of the complex social realities and community adaptation strategies.

Primary and secondary sources were combined in the data collection process. Household surveys, key informant interviews, focus groups, direct non-participant observation, and thorough field notes were used to collect primary data. A thorough analysis of academic literature, government and non-governmental organization publications, and policy documents pertaining to urban squatting in Nepal were all included in the secondary data. To balance representativeness and resource limitations, a random sample of 120 squatter houses was chosen from among the 141 squatter households in Aadarshanagar that made up the study population. Local leaders, public servants, and members of non-governmental organizations directly involved in settlement matters were among the key informants.

In order to create descriptive statistics that were displayed in tables and graphs, data analysis required careful editing and tabulation of quantitative data processed with statistical software. To identify important trends in perceptions, experiences, and coping mechanisms, qualitative data from interviews and conversations were transcribed and then thematically analyzed. A thorough depiction of livelihood dynamics was made possible by the combination of the two data sets.

By obtaining informed consent, protecting participant autonomy and voluntary participation throughout the study, and guaranteeing confidentiality and anonymity, ethical rigor was upheld. Validity was improved by matching instruments with goals and cross-checking data from various data collection methods, while reliability was strengthened by pilot testing and method triangulation. Policy and development interventions are informed by the thorough and contextually aware insights this analytical approach guarantees into the socioeconomic and vulnerability environment of urban squatters.

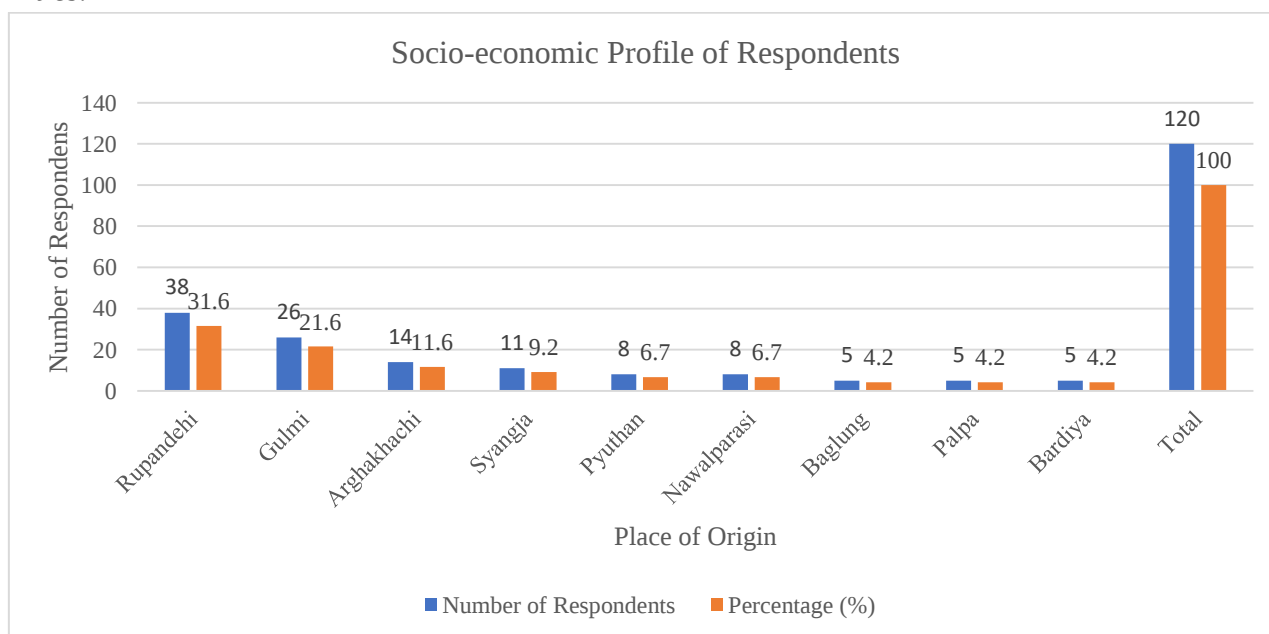
Result and Discussion

Aadarshanagar, located in Dhawaha of Butwal Sub-Metropolitan City Ward-12, embodies one of the urban squatter settlements established around 2060 B.S. Its population of approximately 141 households consists of migrants from diverse districts across Nepal, unified through the Aadarshanagar Tole Samittee. Despite collective organization, the community faces persistent infrastructural deficiencies such as limited potable water, narrow roadways, environmental pollution, weak governance, and heightened susceptibility to natural hazards. These conditions manifest typical socio-spatial vulnerabilities of Nepalese urban informal settlements, underscoring the need for integrated policy interventions focused on tenure security, infrastructure development, and socio-economic resilience.

Socio-economic Profile of Respondents

Place of Origin

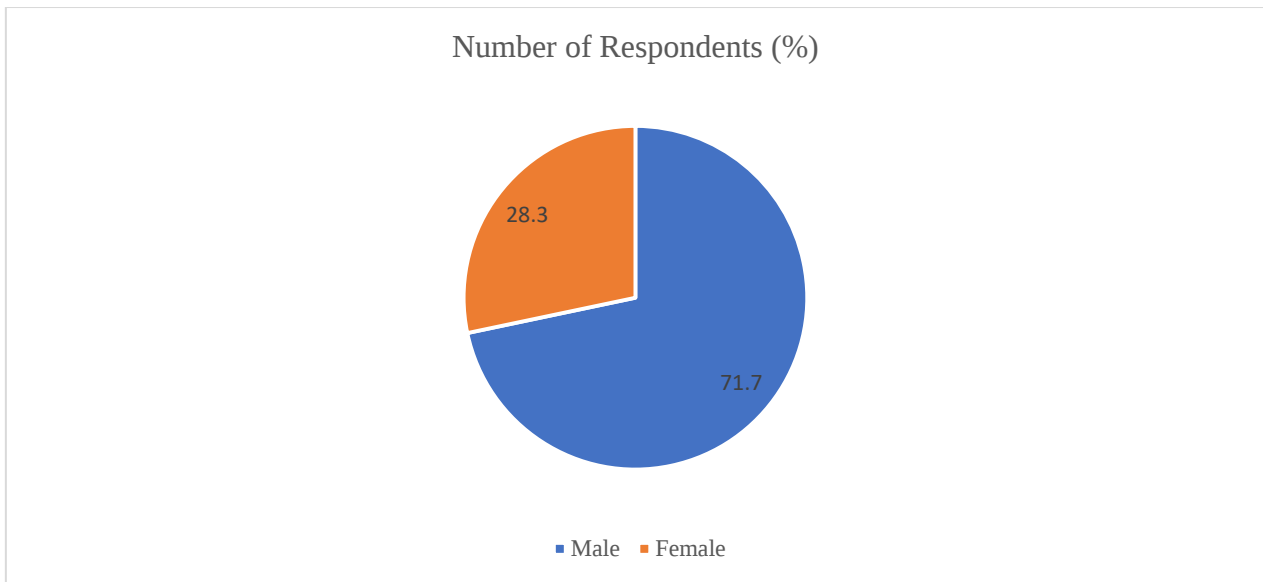
The spatial diversity of squatters indicates a broad migration pattern originating largely from the Rupandehi district itself (31.6%), followed by Gulmi (21.6%) and Arghakhachi (11.6%). Migrants from these largely rural areas reflect typical rural-urban mobility driven by economic hardships, social pressure, and natural calamities.



This demographic heterogeneity contributes to the settlement's complex social fabric, indicating various origin-related vulnerabilities and livelihood strategies.

Sex Composition

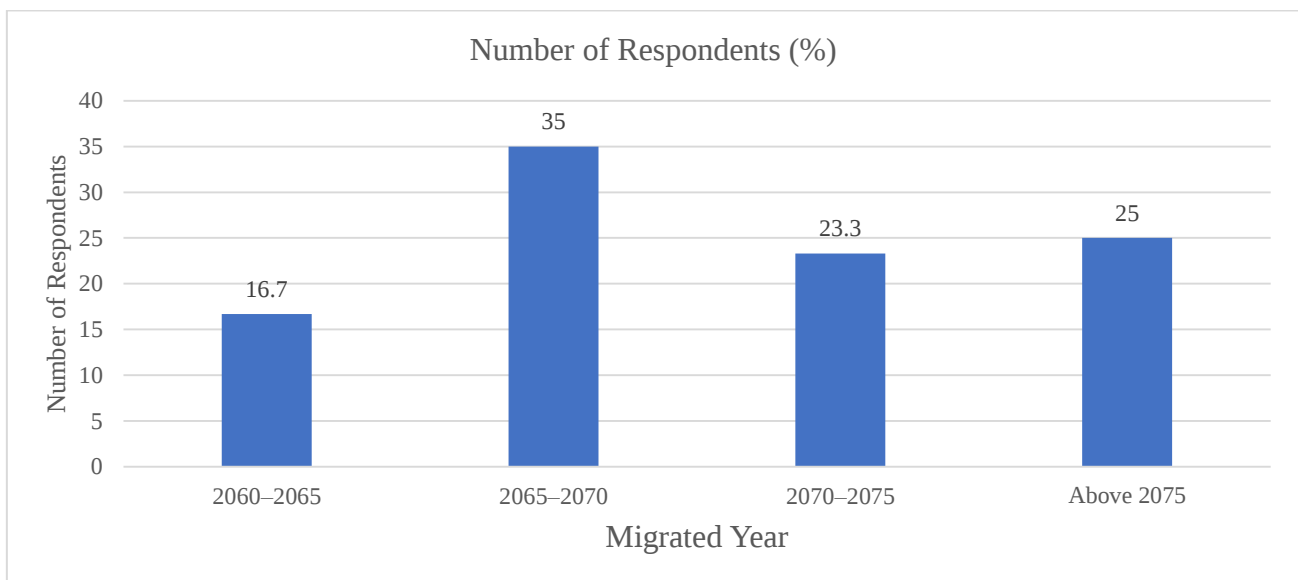
Gender dynamics strongly influence livelihood activities in squatter communities. The predominance of males (71.7%) over females (28.3%) in the sample suggests a male-skewed migration and labor participation pattern, common in Nepalese urban informal settings.



This imbalance necessitates gender-sensitive approaches in policy and program development to address specific vulnerabilities of both men and women.

Migrated Years

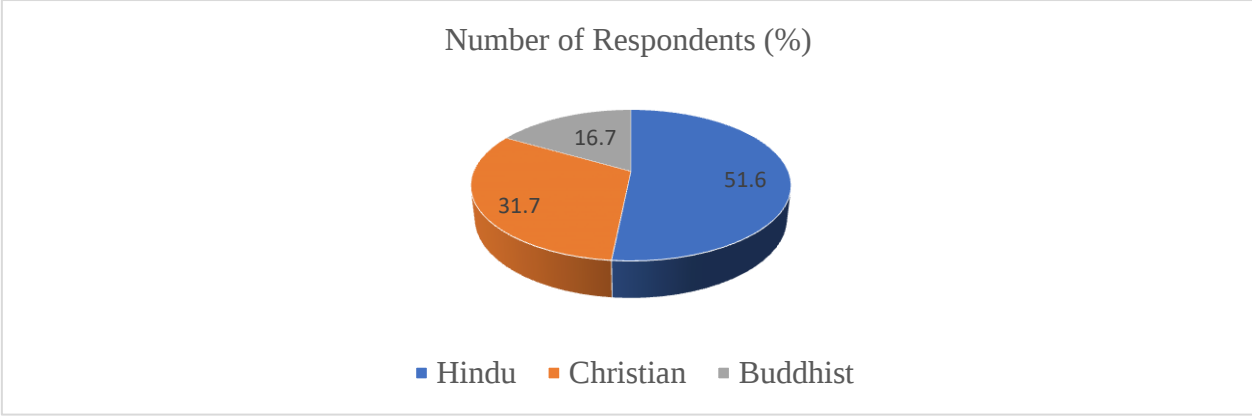
Migration over time into Aadarshanagar shows the highest influx occurred between 2065 and 2070 B.S. (35%), followed by sustained but lower migration rates in other periods. This pattern reflects socio-political and economic influences shaping settlement growth.



Religious, Educational, and Occupational Characteristics

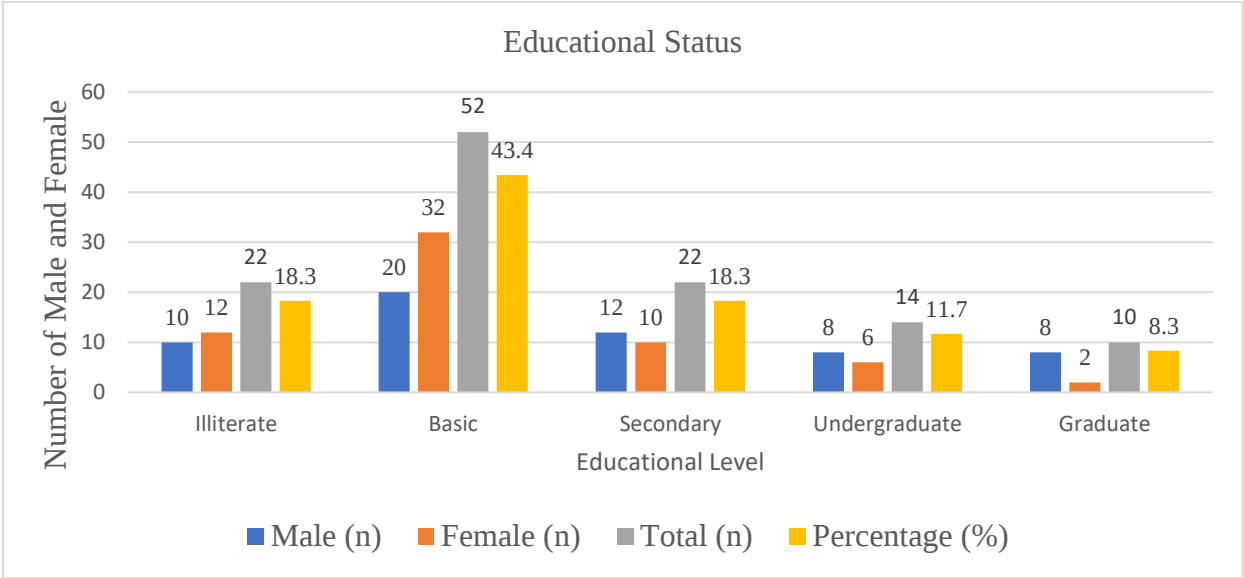
Religious Status

The religious distribution shows Hinduism as the majority (51.6%), followed by Christianity (31.7%) and Buddhism (16.7%). This pluralism reflects the multicultural nature of the settlement and influences social cohesion and cultural practices.



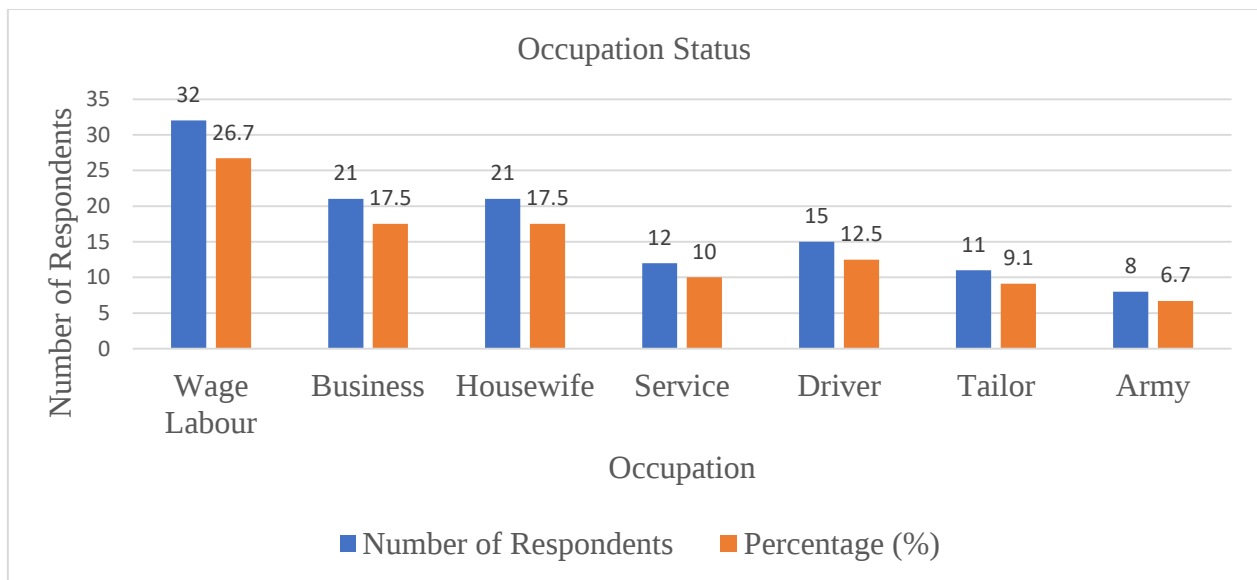
Educational Status

Educational attainment among squatters paints a mixed picture: while 81.7% are literate, most have only basic education. Illiteracy remains at 18.3%, especially higher among females, limiting socio-economic mobility.



Occupation

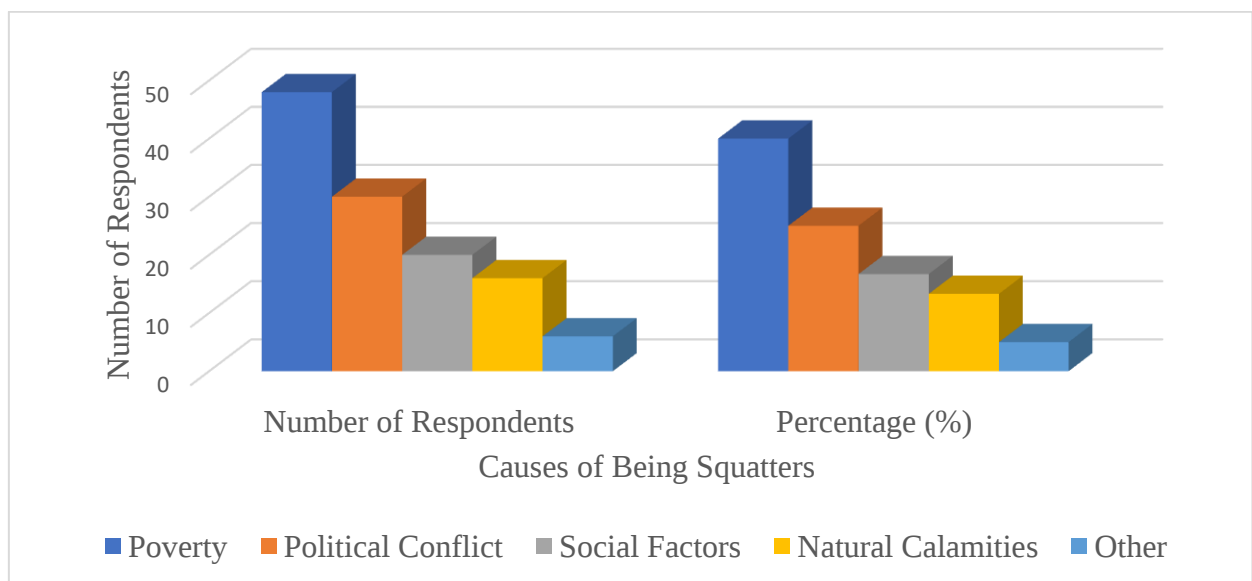
Occupational diversity reveals wage labor as the predominant activity (26.7%), followed by business and housewife roles (each 17.5%). A range of formal and informal occupations reflect adaptive livelihood strategies amid economic uncertainty.



Causes, Earnings, Savings, and Financial Practices

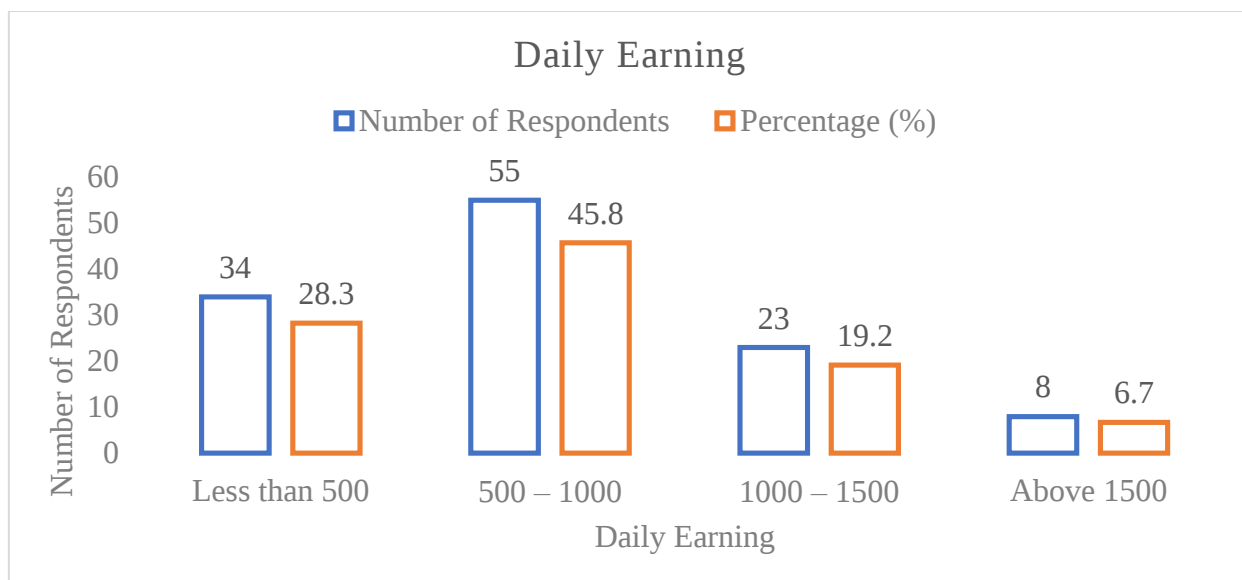
Causes of Being Squatters

Poverty (40%) emerges as the principal cause of squatting, followed by political conflict (25%) and social factors (16.7%), reinforcing the interplay of structural socio-economic and political forces.



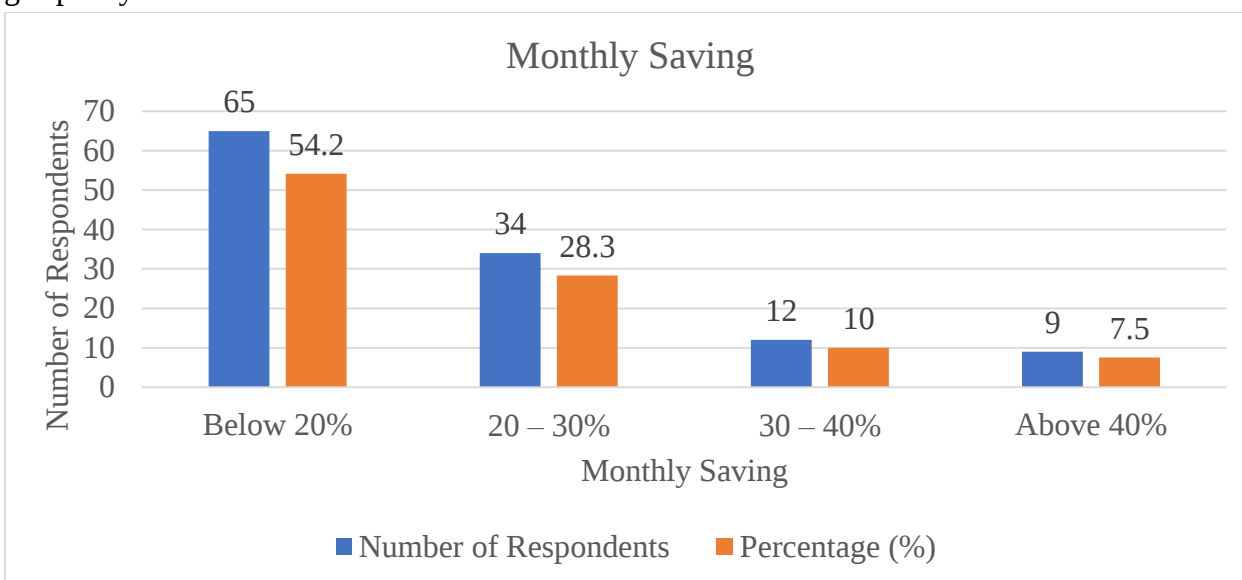
Daily Earning

Most squatters (45.8%) earn between NPR 500 and 1000 daily, indicating low- and precarious-income levels that constrain overall livelihood security.



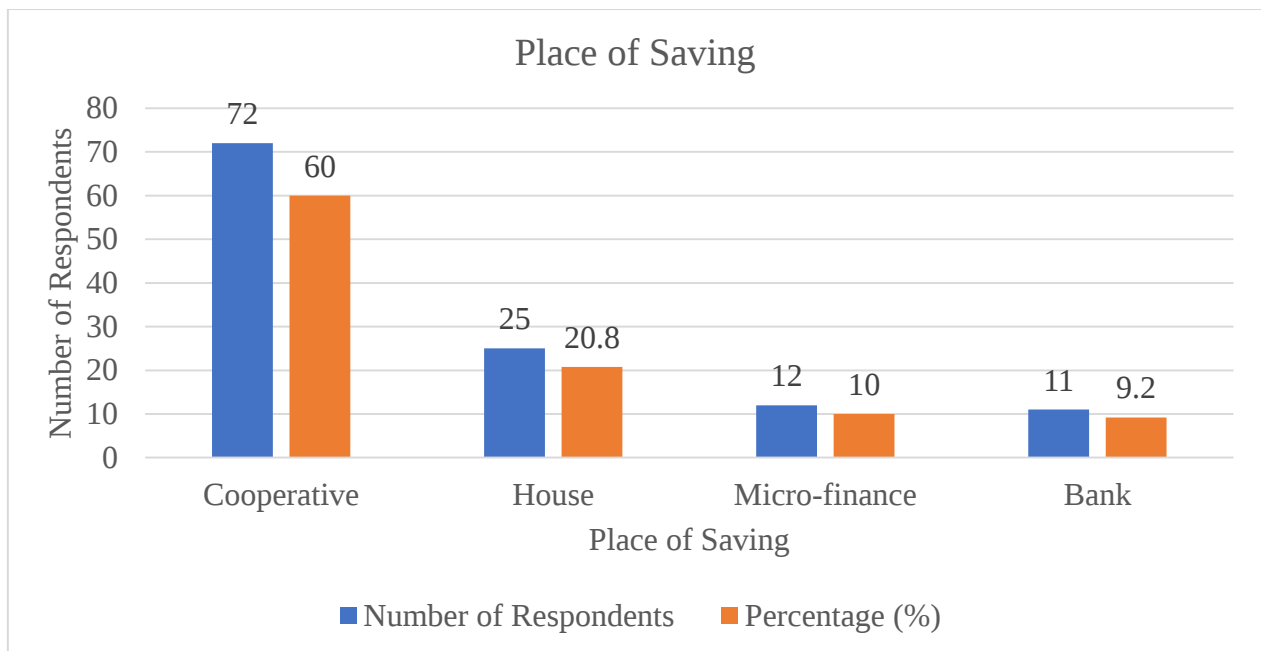
Monthly Saving

More than half of respondents (54.2%) save less than 20% of their income, underlining limited financial coping capacity.



Place of Saving

Cooperatives are the most favored savings institutions (60%), highlighting their role as accessible and trusted financial intermediaries in the settlement.



Asset Ownership and Organizational Engagement

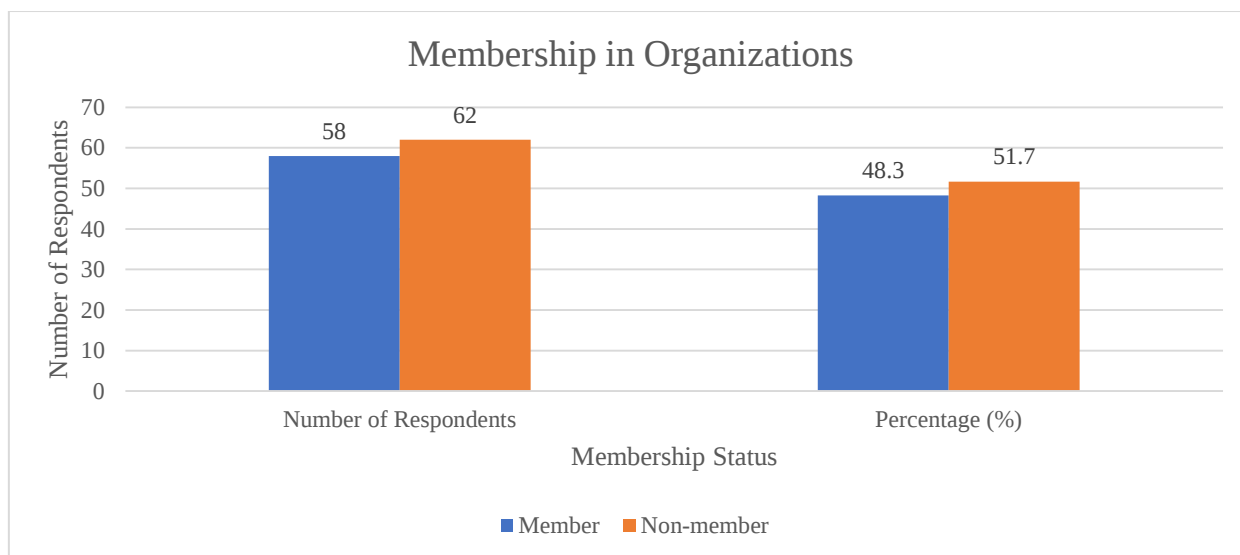
Type of Assets

Housing conditions vary, with the majority living in cemented houses with tin roofs (58.3%) and a significant minority having RCC houses (26.7%). Livestock ownership is limited, with 40% owning no animals, signaling restricted asset-based livelihood diversification.

Asset Type	Number of Respondents	Percentage (%)
RCC house	32	26.7
Cemented with tin roof	70	58.3
Block with tin roof	8	6.7
Moulded thatched house	10	8.3
Housing Total	120	100
Livestock Type	Number of Respondents	Percentage (%)
Cow/Buffalo	42	35.0
Goats	22	18.3
Chickens	8	6.7
None	48	40.0

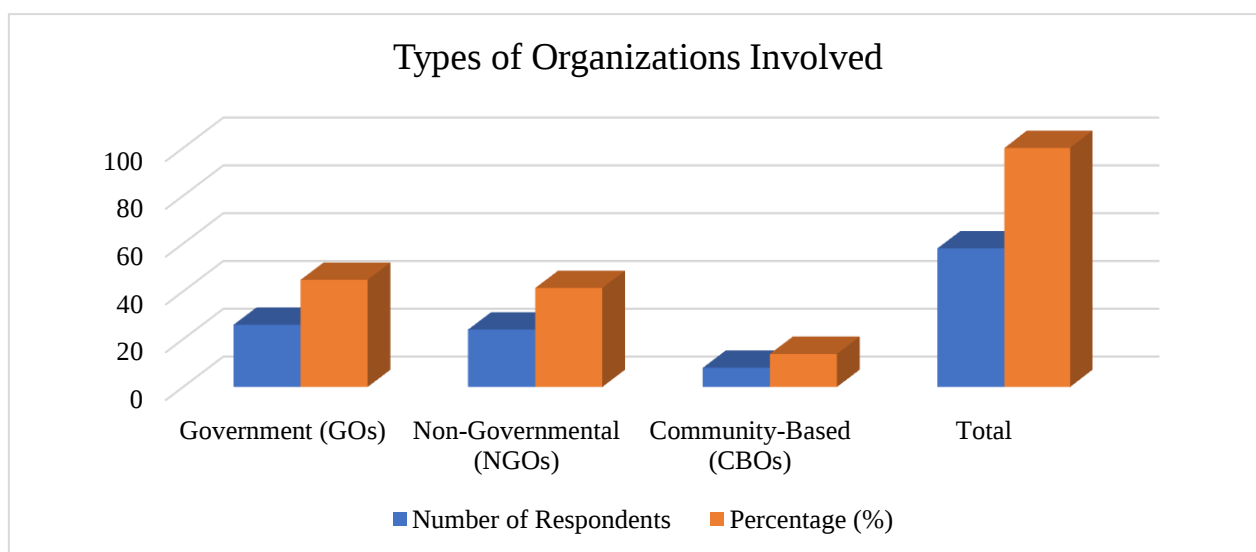
Membership in Organizations

Slightly less than half (48.3%) of squatters are members of any organization, highlighting a potential gap in collective mobilization.



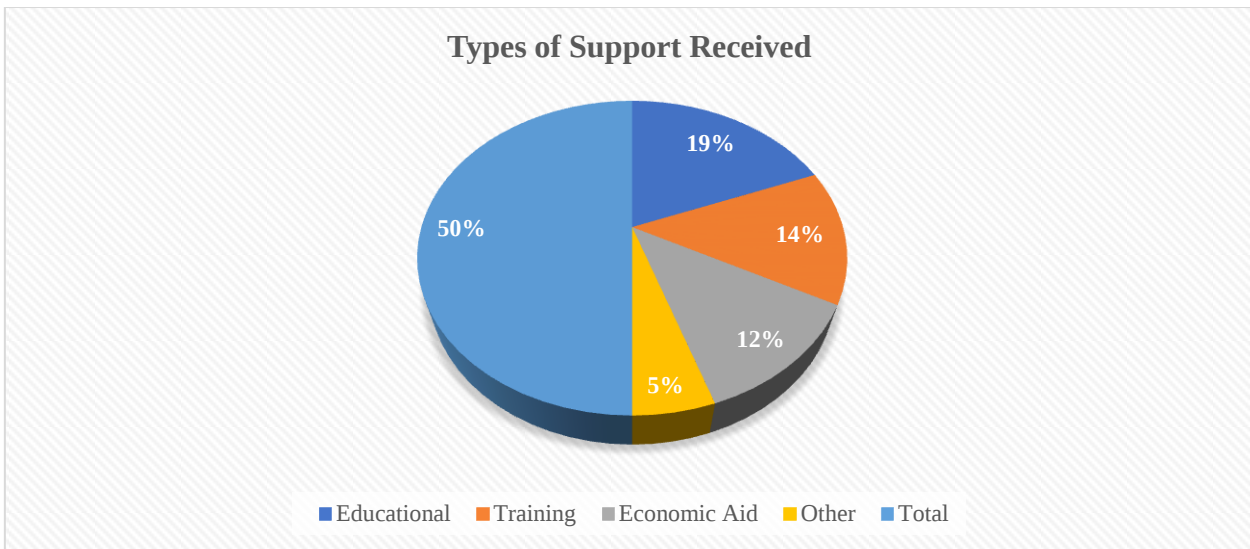
Types of Organizations Involved

Organization Type	Number of Respondents	Percentage (%)
Government (GOs)	26	44.8
Non-Governmental (NGOs)	24	41.4
Community-Based (CBOs)	8	13.8
Total	58	100



Types of Support Received

Support Type	Number of Respondents	Percentage (%)
Educational	22	37.9
Training	16	27.7
Economic Aid	14	24.1
Other	6	10.3
Total	58	100

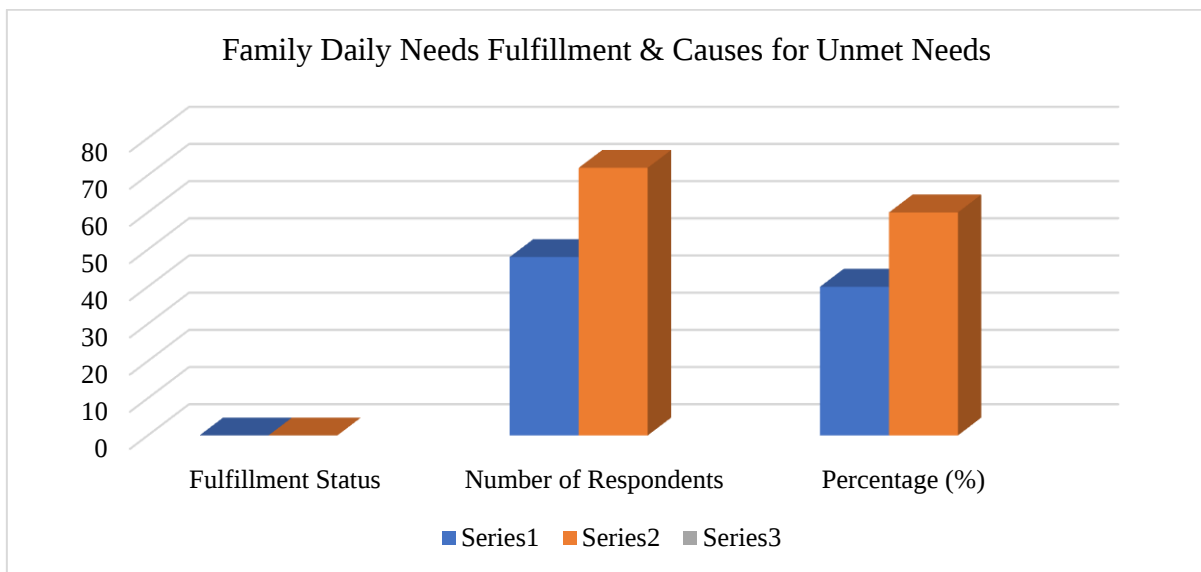


These data reveal that institutional support remains crucial, particularly educational and training programs aimed at livelihood improvement.

Livelihood Vulnerability and Related Challenges

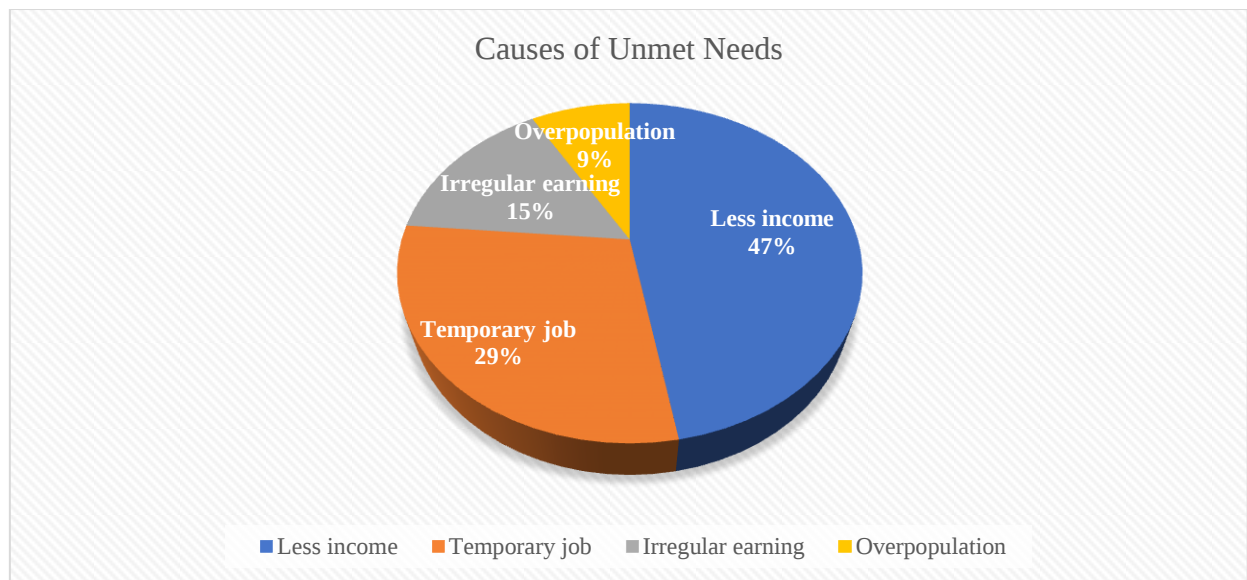
Family Daily Needs Fulfillment & Causes for Unmet Needs

Fulfillment Status	Number of Respondents	Percentage (%)
Able to fulfill	48	40.0
Not able to fulfill	72	60.0



The inability of the majority to meet daily needs is primarily driven by low and unstable income.

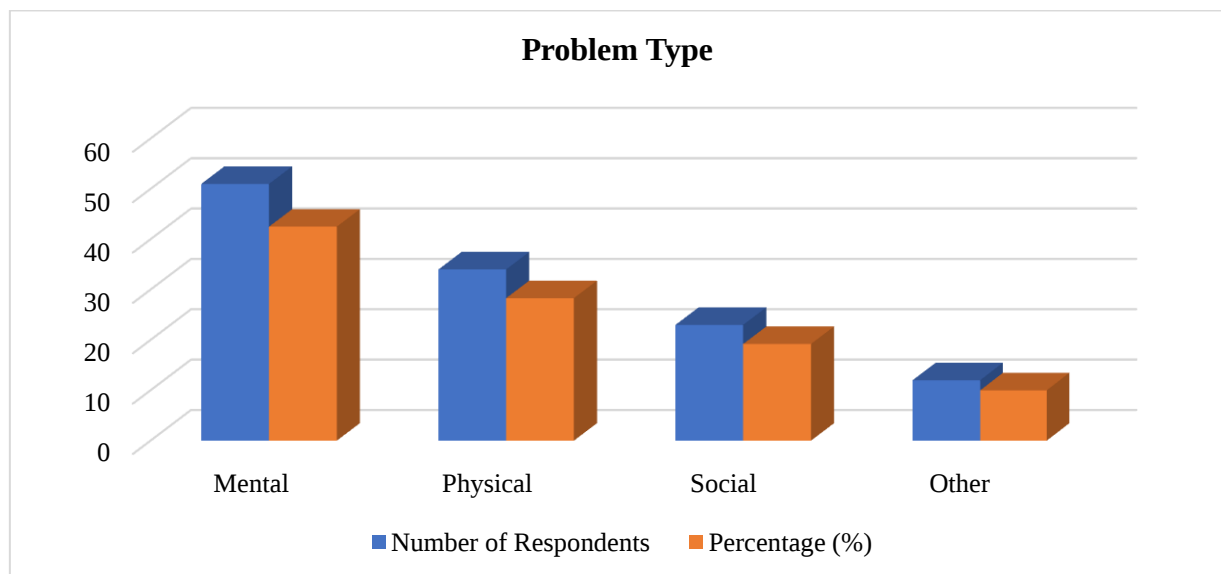
Cause for Unmet Needs	Number of Respondents	Percentage (%)
Less income	34	47.2
Temporary job	21	29.2
Irregular earning	11	15.3
Overpopulation	6	8.3



Occupational Problems

Problem Type Number of Respondents Percentage (%)

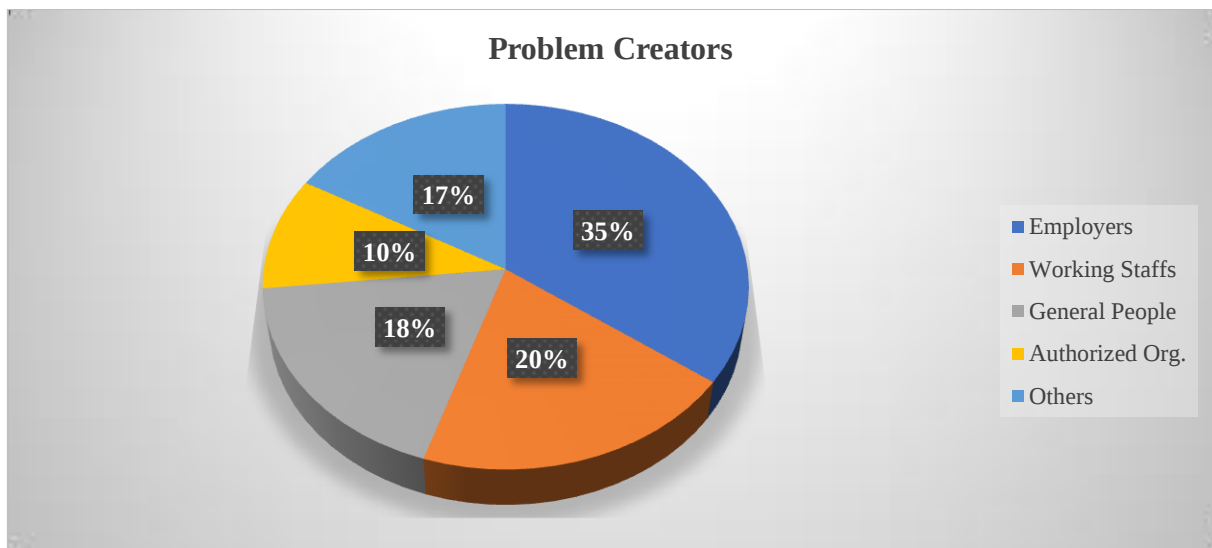
Mental	51	42.5
Physical	34	28.3
Social	23	19.2
Other	12	10.0



Employers are identified as the primary creators of occupational problems.

Problem Creator Number of Respondents Percentage (%)

Employers	42	35.0
Working Staffs	24	20.0
General People	22	18.3
Authorized Org.	12	10.0
Others	20	16.7

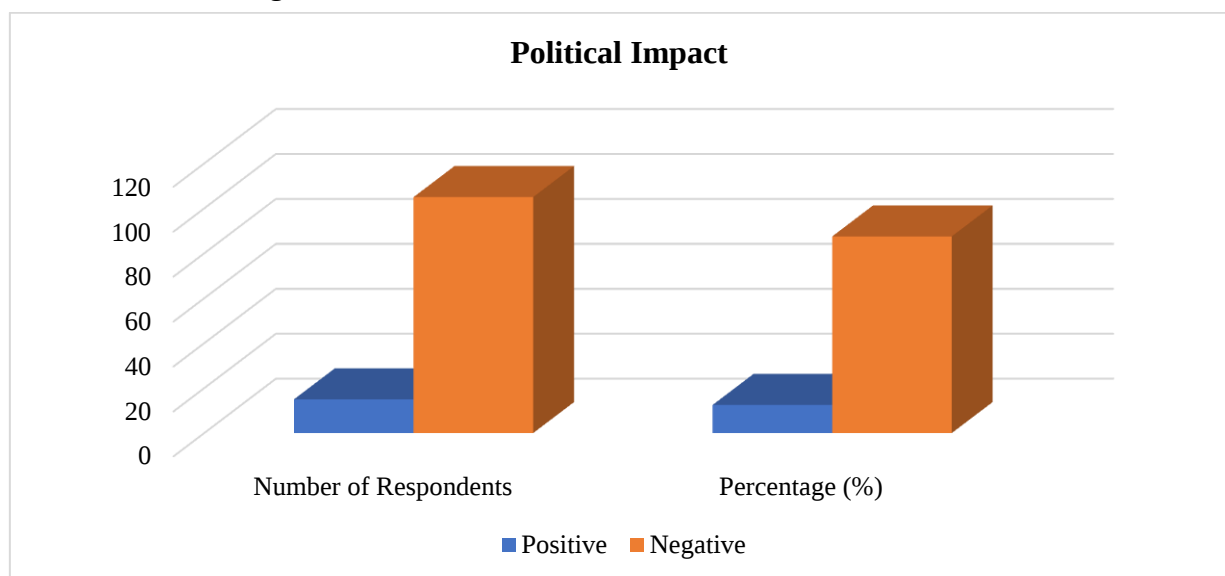


Political and Natural Vulnerabilities

Political instability adversely affects 87.5% of respondents, limiting livelihood stability.

Political Impact Number of Respondents Percentage (%)

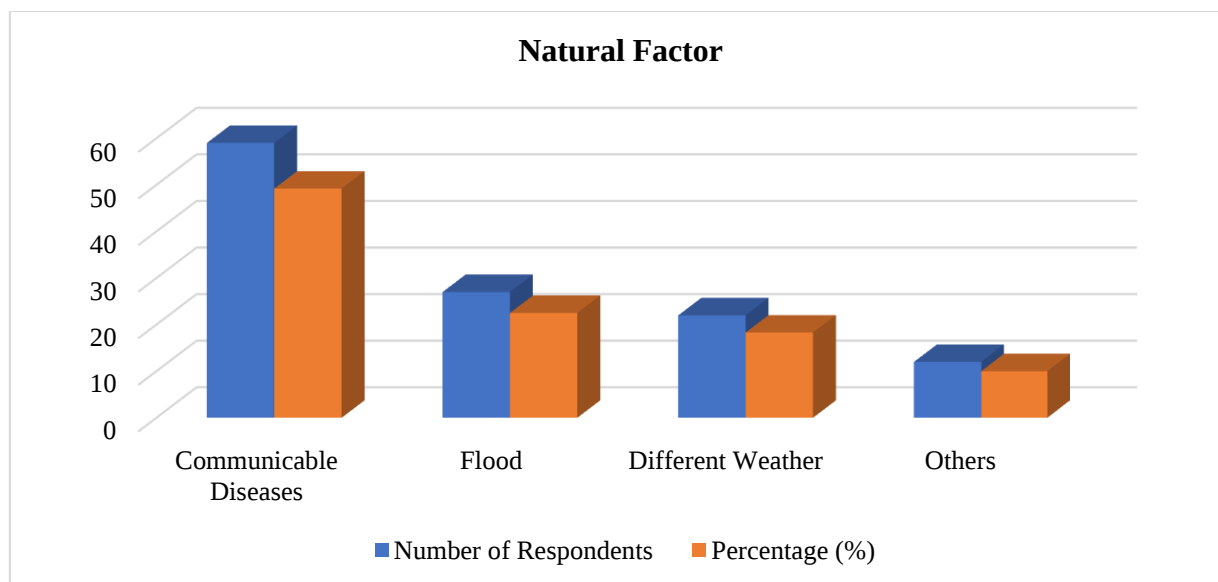
Positive	15	12.5
Negative	105	87.5



Among natural factors, communicable diseases are the most impactful (49.2%).

Natural Factor Number of Respondents Percentage (%)

Communicable Diseases	59	49.2
Flood	27	22.5
Different Weather	22	18.3
Others	12	10.0



This comprehensive presentation demonstrates the intersecting social, economic, and environmental challenges shaping the livelihoods of squatters in Aadarshanagar, emphasizing.

Conclusion

The study of livelihood challenges among urban squatters in Aadarshanagar, Butwal Sub-Metropolitan City, reveals a complex interplay of socio-economic, political, and environmental factors that shape the precarious living conditions of these marginalized communities. The findings underscore poverty as the primary driver compelling rural and inter-district migration, resulting in the establishment of spatially and demographically heterogeneous squatter settlements. Despite the diversity in origins and occupations, a predominance of low-income, informal sector wage labor characterizes livelihoods, exacerbated by limited educational attainment and restricted asset ownership such as housing quality and livestock. The male-heavy composition reflects traditional gendered migration and labor roles, while socio-cultural heterogeneity adds layers of vulnerability and resilience within the settlement.

The analysis further highlights the multi-dimensional vulnerabilities squatter households face: chronic income instability, limited financial savings, and occupational challenges dominated by mental health strains linked to employer-employee dynamics. Inadequate infrastructural services and insecure land tenure compound everyday hardships, undermining their capacity for long-term socio-economic advancement. Institutional participation, while present, remains suboptimal with less than half engaged in community organizations that primarily provide educational and training support but inadequately address economic empowerment or tenure security. Moreover, the negative impact of political instability and natural hazards notably communicable diseases significantly aggravates livelihood fragility.

Overall, the study concludes that sustainable livelihood improvements for urban squatters in Aadarshanagar require comprehensive, integrated policy measures that address the fundamental causes of poverty and marginalization. Ensuring legal tenure security, enhancing access to quality infrastructure and financial services, strengthening community-based institutional support, and fostering political stability are critical. This strategic combination of interventions will enable squatters to transcend precarious living conditions and build resilient, inclusive urban livelihoods within Nepal's rapidly urbanizing context.

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