



## **Urban Poverty in India: an Overview**

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**Abstract:** Urban poverty is a growing problem in India today. Due to the introduction of globalization, inflow of foreign capital has increased and it has increased economic activities and certainly boosted the pace of urbanization in India. The urban landscape has undergone a change since the reforms. Foreign investment favours the urban areas. Therefore, city authorities have to invest in infrastructure and services and urbanisation has gained momentum. This leads to more efficient enterprises, infrastructure and services. But this has only accelerated the rural urban migration Urban India faces a serious crisis due to the explosion of its population numbers, poverty, scarcity of housing and space, scarcity of services, pollution, poor health and failing ecosystem. This paper tries to discuss the characteristics and challenges of growing urban poverties in India also tries to find out the way out to overcome the situations.

**Key words:** Poverty, Urbanisation, Reforms, Globalisation, Foreign capital

The structural reforms instituted in the country since 1991 have linked India with the global economy, increase the inflow of foreign capital, facilitate indigenous investment and boost the pace of urbanisation. Close to a half of the world's population that lives in poverty can be found in South Asia. According to the Government of India, the definition of poverty is linked to the expenditure required by an average household to meet a specified minimum nutrition in terms of calories and urban poverty in particular is denoted by an intake of 2100 calories per capita per day. Eradication of poverty has continued to be the target of most of the policies framed in India.

Removal of poverty became a distinct objective since the Fifth Five Year Plan (1974-79) in India. However, no distinction was made between urban and rural poverty. It was only in the Seventh Plan (1985-90) onwards that issues related to urban poverty were discussed. It lay down that poverty could be reduced only by generating employment, skill formation and improvement of the slum dwellers. The interest in addressing urban poverty peaked when the Planning Commission allocated a separate section to urban poverty in the Ninth Five Year Plan (1997-2002), putting an unprecedented focus on urban development and urban poverty alleviation.

Structural adjustment programs were introduced in the country post independence taking the loan from the IMF and the World Bank. There were two parts to this adjustment plan. The first consisted of short-term stabilization policies- and the second part consisted of long term economic reforms, which included streamlining the public sector and privatisation of social programs, etc. However, all of the above measures have been harsh policies and the impact has been the worst on the vulnerable sections of society such as the urban poor. The reform policies have brought about changes in the domestic economy, ownership structures, the industrial development scene, financial and capital markets, employment patterns, wage structures, inflation, prices, consumption patterns and migration trends. These have then resulted in affecting urbanisation as a whole, which is evident from the living conditions of a majority of the people in the cities. Along with the fallacies of the SAP, consistent mismanagement by the governments who have undertaken to carry out the policy reforms has also added to the already rising number of persons below the poverty line. For instance, a large part of the national expenditure of India is spent on activities that are not economically and socially productive such as defence, etc. This has led to a failure on any ongoing initiatives to alleviate poverty. So in most cases, even if the government has undertaken programs for social expenditure, these have not been implemented and are thus failures.

Structural adjustment has changed the structure of production and hence the employment situation. Initially the manufacturing sector had responded positively to the reforms. However, the recession post 1997 left the “weak and inefficient” firms with the struggle to stay alive in the highly competitive market environment. High investment in large scale technology intensive ventures has become the norm for most industries. The stress on the service sector has led to low skilled jobs. Hence, investment was getting accelerated for economic gains at the cost of sustainable human investment. Deregulation of the job processes has led to a greater informalisation of the job scene as many of the tasks are sub-contracted and informalised. This has only led to informalisation of employment in the urban areas and thus insecure livelihoods and increasing levels of poverty.

The urban landscape has undergone a change since the reforms. Foreign investment favours the urban areas. Therefore, city authorities have to invest in infrastructure and services and urban renewal has gained momentum. This should ideally lead to more efficient enterprises, infrastructure and services. But this has only accelerated the rural urban migration and a majority of this investment has reduced the investment which is actually required for essential services used by the common citizens and the poor. Further, privatisation of public services, especially water, electricity, education and health deprives them as these services become unaffordable and therefore, inaccessible. The women are most affected in this. As part of this deregulation process, women are the last to benefit from any kinds of job expansion and the first to suffer from any job contractions. This leads to more women either creating their own jobs or casualisation of women’s work. In the latter, all labour intensive, lower paid informal activities are subcontracted to women. However, feminisation of poverty has only increased over the years.

**The exit policy** proposed by the government and the IMF has led to casual employment, fluctuating wages and variable hours of work. So instead of extending the labour laws to protect casual and seasonal workers, the IMF program proposed to ‘help’ the poor by scrapping the labour laws altogether on the claim that the existing laws favour the labour aristocracy and discriminate against the non-unionised sectors of the labour force.

Related sectors like housing have also got affected. Entry of foreign capital and real estate developers has also meant that land prices in cities have risen. Under utilised lands have also

come to be in demand. Pressure on slum dwellers and other unauthorized settlements to vacate their land has increased. Thus, evictions have come to be a very common thing. Alongside this, there are attempts to clean and beautify cities to attract more foreign and this puts pressure on hawkers, vendors and slum dwellers. Providing finance for houses for those who can repay the loan is very easy now, but the urban poor get neglected in the process.

The cities serve as magnets to propel more and more people from the smaller cities and rural areas to its vast yet limited space. There are opportunities for all in the urban areas. These people come in with the hope that despite the nastiness and misery, the city will help them keep their stomach full. The urban area or the City has land, employment opportunities; it is a geographical space, a social and cultural space and the struggle for its ownership is heightened by every day that goes by. This struggle is made worse by limited resources, poor urban planning and politics that work on the principle of exclusion for most and inclusive for a few.

Wanting a world-class city to emerge is everybody's dream. However, the basic issues for the poor in urban areas such as lack of secure housing, poor allocation for providing access to basic civic amenities like healthy and clean living environment, safe drinking water, public health facilities, basic education, food security, lack of gainful self employment opportunities, inadequate income levels to secure food, shelter, health and education are not addressed. What is meant by a world-class city if the basic rights of any human being are denied? What is the better way to sort out efficient delivery of essential services for the poor in the urban areas? So these are the kind of questions that need to be addressed.

Now we highlight the features of the urban poor which are the problems as well

**1)Wage employment among them is limited** to just about 20 per cent compared to an All-India average of about 40 per cent. It is this fact that imparts a high degree of instability to the income profile of the urban poor, and restricts their access to any form of institutional and market finance.

**2)Slum settlements** – often referred to informal settlements without any formal title - represent the most visible manifestation of poverty in urban India. The 2001 Census puts the slum population at 42.6 million which forms **15 per cent of the country's total urban population and 23.1 per cent of population of cities and towns reporting slums**. The Census further reports that slums are an urban phenomenon confined to big-town and cities, supporting it with the fact that **41.6 per cent of the total slum population resides in cities with over one-million population**. Informal settlements occupy one-third of the large city spaces: 34.5 per cent of the population of Mumbai, Delhi, Kolkata, and Chennai live in slum settlements. The slum settlements have a higher proportion (17.4 per cent) of scheduled castes compared to non-slum settlements. Also, expectedly, the literacy level of slum population is lower, 73.1 per cent in comparison with 85 per cent for rest of the urban population.

**3)Slum and Urban Amenities:** 26 per cent of households living in slum settlements have no access to any arrangement for garbage collection and 18 per cent suffer from insufficient drinking water, the comparable proportions for non-slum areas being 19 per cent and 10 per cent respectively. What needs to be noted is that 75 per cent of slum households have not received any benefits from any of the governmental programmes designed to alleviate poverty; 15.7 per cent of households received land-related benefits

and the balance received other miscellaneous benefits.

**4) Education and Urban Poor:** The urban poor are vulnerable to a lack of access to education services. In 2005, around 2.1 million children were out of school in urban areas (4.34 per cent of the eligible population) out of a total of 13.4 million children out of school in the country. In 2006-07, 35 cities/districts reported about 0.62 million children between the ages of 6-14 out of school against the child population of 18.5 million i.e. 3.38 per cent of child population

**5) Slum due to failure of Housing policies:** Proliferation of slums, as much of the evidence both in-country and international suggest, is not so much a manifestation of demographic shifts, but the result of the failure of the land and housing policies, and legal and delivery systems

6) Many slums are located on hazardous sites, vulnerable to fire and flood

#### **7) Health and Urban Poor**

- Health out of three key indicators for child health, the urban poor children fall well below the national urban average.
- Only 53 per cent of the urban poor children are covered by an Anganwadi Centre (AWC) and only 10.1 per cent of women had regular contact with a health worker. All this translates into poor nutritional status as well.
- Nearly 59 per cent of urban poor women and 71.4 per cent of urban poor children suffered from anaemia. Malnutrition, measured through underweight (47.1 per cent) and stunted children (54.2 per cent), is significant among the urban poor.

**8) Financial Exclusion:** Lack of education and health among the urban poor is compounded by a lack of access to finance, which is a pre-requisite for employment, poverty reduction, and in the long-run sustained economic growth. However, the formal financial sector serves only a minority, with most households lacking even basic financial services. In India, only 48 per cent of citizens have access to financial services

- In urban areas, with better banking infrastructure than in rural areas, simple existence of branches is not a guarantee of access to services to the urban poor
- One of the key reasons why large-scale conventional financial institutions are not significant players in low-end financial markets is because their business model does not cater to the urban poor segment. There is **limited access to information** on potential clients. This translates into a higher cost associated with serving low-income clients, which, if tackled, often results in the costs being transferred to the client (urban poor) in the form of a higher interest rate
- For example, stringent repayment schedules may not be suitable for the urban poor household with a cash-flow problem. In many cases complexity of transactions and transaction costs associated with formal financial transactions, especially the paperwork, can intimidate the urban poor, who already have their own informal methods of savings.

**9)Legislative Exclusion:** In addition to all the areas as mentioned above a key area where the urban poor are particularly vulnerable is the lack of a legislative framework to empower the urban poor. This involves **giving legislative strength to policy initiatives** such as inclusive urban planning, financial empowerment of the poor, enabling livelihood options, and overall, granting property rights to the urban poor. One area where the urban poor are particularly vulnerable, due to legislative exclusion, is security of tenure which is a prerequisite for access to formal financial institution access, access to basic services and security from evictions. The formalization of security of tenure finds expression in the formal registration of the property of the urban poor granting them the right to their dwelling space.

**Key strategy to be followed to tackle urban poverty**

**1) Security of tenure:** Security of tenure holds the key to building of assets and utilization of assets for productive purposes. Insecure tenure forces the urban poor to live without access to network services and financial markets. Strategies for security of tenure should enable the slum dweller to access his/her dwelling unit as a financial asset that can guarantee a loan for incremental home improvements.

**2) Slum-up gradation as the solution of choice:** In-situ slum-upgradation is a prerequisite to effectively addressing urban poverty in India. For the Group, slum improvement and upgrading is growth-enhancing and if well designed, could become a key driver of economic growth in the country.

**3) Universalization of water and sanitation to all urban areas:** It involves the universal coverage of all urban population with a minimum level of safe drinking and water, a clean toilet, sewerage, storm water drainage and solid waste management.

**4) The provisioning of basic water and sanitation should be de-linked from issues of land tenure and legal status.** These services should be provided on the clear understanding that this provision does not translate into legal entitlements of any kind.

**5) Non-eviction strategy:** a no eviction policy should be put in place in combination with a land policy aiming at the provision of developed lands for the urban poor. A no eviction policy, unaccompanied by a proper land policy, will result in further proliferation of slums. Land assembly, town planning and the building bye-laws regime needs to be revisited to deregulate land markets and to make timely availability of affordable land. This strategy should be implemented with the caveat that evictions for the purpose of the common social good may occur, but there should be commensurate provisions for resettlement and rehabilitation of project-affected persons. The strategy should cover central government and private lands.

**6) Effective and institutionalized community engagement:** The involvement of the urban poor community, in schemes affecting their lives, should be the cornerstone of any programme design. It should include involvement of the community in planning through

the institutionalization of community planners, execution, and analysis/feedback of various schemes. The involvement of NGOs in programmes and schemes may be encouraged wherever appropriate to the aims of the scheme.

**7) Financial inclusion of the urban poor:** Any strategy, programme and/or scheme for urban poverty alleviation must include a component of financial inclusion.

**8) Affordable housing:** this includes measures to increase the access of the urban poor to credit for fresh and incremental housing, including, but not limited to the promotion of housing (micro-) finance institutions for the urban sector and credit guarantee measures.

**9) Livelihoods:** it means access of the urban poor to banking and financial services for micro-enterprise establishment and sustainability, focusing on community-based finances and loans through SHGs

**10) Social security:** it includes the development of specific products for the urban poor including pensions and insurance as well as financial incentives for the achievement of development goals such as health and education.

**11) Planning for urban poverty alleviation:** Currently urban planning bodies function separate from bodies planning for urban poverty alleviation. Issues such as land-use, which have a direct impact on the availability of land for affordable housing for the urban poor, gets decided and planned for independent of the considerations of the poor. City-level urban poverty alleviation instruments such as city-development plans, city health plans, slum-free city (and state) plans of action, urban poverty reduction strategies and other such documents must feed into and collaborate with formal urban planning instruments. In addition to this, special attention must be paid to poverty and slums in peri-urban areas and the related planning instruments applicable to these areas. The involvement of the community planners in the urban planning process should be emphasised. The Government of India should take the necessary corrective action to ensure that urban planning includes the poor

**12) Promotion of livelihoods and skill development of the urban poor:** Livelihoods and skill development of those occupationally vulnerable should be accorded priority

- Schemes developed should be demand driven
- Pro-active and mandatory creation/allocation of spaces within city-boundaries for the lives and work of the urban poor.
- Appropriate corrective legislative action should be undertaken to ensure that in the interests of ensuring public safety and preventing public nuisance, the rights of the urban poor to a productive livelihood are guaranteed.

**13) Provision of a social safety net to the chronically poor:** This includes social assistance in the form of pensions, insurance and cash and in-kind transfers to target the most vulnerable and destitute among the urban poor. Universal food security, universal education and universal health care are already under consideration of the Government of India. However, it is important that programmes targeting the urban poor converge with the aims of overall social security for the urban poor.

- **Capacity Building:** This pivotal role requires improved staffing, deeper intellectual/technical capacity, financial buttressing and deeper clout to change how cities and states can develop these skills and better monitor the implementation of schemes.
- **Convergence of approaches:** It is the need for a convergence of approaches, programmes and schemes at all levels of government, as opposed to the hitherto approach of different line ministries and departments working in silos. There is a need for a bold move to work from the identified problem (vulnerabilities) to the solution (unified mission for urban poverty alleviation).

**Conclusion:** Removal of poverty got importance in India in the mid seventies with the introduction of fifth five year plan. But there was no distinction between urban poverty and rural poverty, poverty was considered as a common problem irrespective of any locations. But from the mid eighties urban poverty as a separate issue with the introduction of seventh plan came into consideration. After when the Indian economy became a part of global economy in 1991, urbanisation got a momentum in India. As a result urban poor have been increasing considerably because of migration of people from rural area to urban area for their livelihood. Government has taken different measures to tackle the problems but that are not sufficient to remove the miseries of the slum dwellers. Only a holistic approach considering all the socio-economic aspects can serve the purpose.

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