

Urban Poverty and Slums in India

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Abstract

Large scale and rapid urbanisation, scarcity of resources, incapable and inadequate administration, lack of or faulty planning forces urban poor to settle in the places that not fit for human inhabitations. There exist a short of urbanisation-urban poverty-slum nexus. Urban poverty is often underestimated: Official statistics tend to systematically underreport urban poverty due to lack of cost-of-living adjustments in income poverty estimates, the lack of disaggregation within urban areas, and inadequate definitions of access to water supply and sanitation, adequate shelter, or other infrastructure variables. Urban poverty estimates provided by the expert group appointed by the Planning Commission, indicated that urban poverty is more severe than rural poverty. The scale of poverty in urban areas is underestimated and misunderstood due to inappropriate definitions of poverty and Built-in biases in assessing the problems of the urban poor. Though urban poverty is less than rural poverty, but it is more depressing and visible as rural poor could hide behind a picturesque countryside. Although the rate of poverty is significantly lower in urban area in comparison to the rural area but the rate of poverty reduction in urban area is slower than the rural area. Rural to urban migration has been one of the major factors in increasing urban poverty.

Keywords: *Urbanisation, Urban Poverty, Slums, Poverty Estimates*

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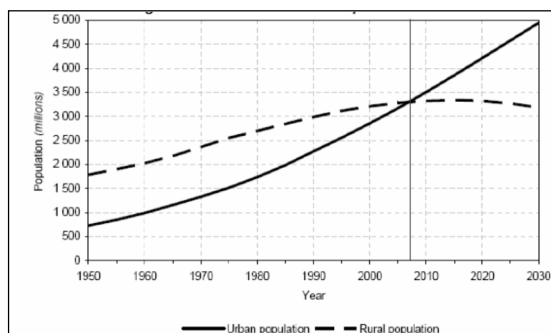
1. Introduction

Slums are the face of urban poverty and frequently slums and poverty are interchangeably used in the urban context. United Nations Human Settlements Program (2003b) opined that though the association between poverty and slums *is not always direct or simple but they are closely related and mutually reinforcing*. Research across many cities shows that there are often more poor people outside slum areas than within them and all the slum dwellers are not poor. Slum conditions are caused by poverty and inadequate housing responses, which are mutually reinforcing, to some extent. Slums have the highest concentrations of poor people living in worst civic conditions. (UN-Habitat, 2003b). Subramaniam (1997, p.273) states that ‘*slum dwellers as a whole are particularly poor people. Poverty is their most outstanding characteristics*’. Agarwal and Sangar (2005) observed that mere estimates of the slum population do not reflect the true magnitude of urban poverty because of the ‘unaccounted’ for and unrecognized squatter settlements and other populations residing in inner-city areas, on constructions sites, in urban fringe areas, on the pavement, etc..

According to the report of ‘*Task Force on Improving the Lives of Slum Dwellers- a Home in the City*’ (UN Millennium Project, 2005) there are many important reasons for sharpening the focus on the plight of the urban poor:

- Urban poverty is severe, pervasive, and largely unacknowledged.
- The world's slum population is huge. Almost one of three urban dwellers and one of every six people worldwide already lives in a slum.
- There is a high degree of exclusion in cities (especially for slum dwellers) because a sizeable segment of population (mostly slum dwellers) is excluded from secure and good-quality housing, access to and control over good education, affordable health services, decent transportation, adequate incomes, access to economic activity and credit.
- *Our common future is urban:* virtually all the additional needs of the world's future population will have to be addressed in the urban areas of low- and middle-income countries.

Figure 2.2-Rural and Urban Population Trends



Source: UN (2003) *World Urbanization Prospects*.

- Urban poverty is often underestimated: Official statistics tend to systematically underreport urban poverty due to lack of cost-of-living adjustments in income poverty estimates, the lack of disaggregation within urban areas, and inadequate definitions of access to water supply and sanitation, adequate shelter, or other infrastructure variables (UN Millennium Project, 2005). The scale of poverty in urban areas is underestimated

and misunderstood for following reasons:

- *Inappropriate definitions of poverty.*
- *Inaccurate assessments of infrastructure and service provision.*
- *Overreliance on aggregate data and inadequacy of data*
- *Built-in biases in assessing the problems of the urban poor.*
- The urban economy's benefits reach beyond urban areas as remittances sent by rural migrants improving living standards and increasing rural farm productivity. Urban market centers extend range of opportunities for would-be rural-urban migrants, provide vital commercial and social functions, and offer intermediate-level health and educational services that are not usually found in sparsely populated areas (UN Millennium Project, 2005).
- Urban context is critical for all the Millennium Development Goals. By focusing on urban poor and improving the lives of slum dwellers we can more effectively combat HIV/AIDS, improve environmental sustainability, and address gender inequality. As the world becomes more urban, the MDGs can most effectively be addressed through the integrated and synergistic attention that is possible in densely populated slum settlements (UN Millennium Project, 2005).

De'souza (1979) observed urban poverty is the most basic cause of slum formation and squatter settlements not industrialization and city size. According to World Bank, Urban poverty is a complex and multidimensional phenomenon. The poor suffer from various deprivations such as lack of access to employment, adequate housing and services, social protection, lack of access to health, education and personal security. Urban

poverty is considered to be the most demanding urban challenge and number one urban problem because it is poverty which leads to many other problems in the urban areas (Bhasin, 2001, p.15). Rural to urban migration has been one of the major factors in increasing urban poverty. Urban poverty estimates provided by the expert group (Lakdawala Committee) appointed by the Planning Commission, indicated that urban poverty is more severe than rural poverty.

India has the largest number of poor living in urban areas compared to any other country in the world. Urban poor in India face the problem of shelter, water, sanitation facilities, poor drainage and solid waste disposal. Urban poor are at the lowest step of the social ladder and are deprived of basic services and amenities. They occupy the marginal positions in the socio cultural system of the communities.

2. Urban Poverty in India

The future of urban areas is a source of concern for a variety of reasons. Uncontrolled domestic migration into these areas, the natural growth of the population and increasing density of population is resulting in the unplanned development of cities. With India becoming increasingly globalized and urban, there is also an increase in the number of poor people living here. Though urban poverty is less than rural poverty, but it is more depressing and visible as rural poor could hide behind a picturesque countryside. The data presented in table-1 depicts that there are 76.47 million poor are residing in urban areas indicating overall poverty ratio of 20.9% for urban India reducing from 31.8% in 1993-94 according to Tendulkar Methodology (expert group 2009).

Table-1: Percentage and Number of Poor Estimated (Poverty Estimates) by Expert Group 1993 and Expert Group 2009

	Number of Poor(million)			Poverty Ratio (%)		
	Rural	Urban	Total	Rural	Urban	Total
Expert Group 2009 (Tendulkar Methodology)						
1993-94	328.60	74.50	403.70	50.1	31.8	45.3
2004-05	325.81	81.41	407.22	41.8	25.7	37.2
2009-10	278.21	76.47	354.68	33.8	20.9	29.8
Expert Group 1993 (Lakdawala Methodology - Official)						
1973-74	261.3	60.0	321.3	56.4	49.0	54.9
1983	252.0	70.9	322.9	45.6	40.8	44.5
1993-94	244.0	76.3	320.4	37.3	32.4	36.0
2004-05	220.9	80.8	301.7	28.3	25.7	27.5

Source: Data Book for DCH, 14th March 2014 available at <http://planningcommission.gov.in>

Although the rate of poverty is significantly lower in urban area in comparison to the rural area but the rate of poverty reduction in urban area is slower than the rural area. For the period 1993-94 to 2004-05, whereas rural poverty has reduced at the rate of 0.75 percent point, the urban poverty has reduced only at the rate of 0.55 percent points. In absolute terms the number of poor have

even increased in the urban area at the rate of 0.63 million per annum. Though the period from 2004-05 to 2009-10 have shown reduction in persons below poverty in urban area at the rate of around one million per year amounting to 0.96 percent point reduction annually yet it is well below the rate of reduction in rural area(1.60 percent point per annum).

Table-2: Annual Average Decline in Poverty from 1993-94 to 2009-10

Period and Methodology for Estimation	Number of Poor (million)			Poverty Ratio (% points)		
	Rural	Urban	Total	Rural	Urban	Total
93-94 to 2004-05(Tendulkar Methodology)	0.25	-0.63	-0.32	0.75	0.55	0.74
93-94 to 2004-05(Lakadwala Methodology)	2.10	-0.41	1.70	0.82	0.61	0.77
2004-05 to 2009-10(Tendulkar Methodology)	9.52	0.99	10.51	1.60	0.96	1.48

Source: Data Book for DCH, 14th March 2014 available at <http://planningcommission.gov.in>

Table-3: Incidence of Urban Poverty Across Different States

States	Head Count Ratio				Annual Percent Reduction		
	1983	1993-94	2004-05*	2009-10*	1983-94	1993-05	04-05 to 09-10
Andhra Pradesh	41.2	38.8	23.4	17.7	-0.24	-1.06	-1.14
Assam	25.9	7.9	26.1	21.8	-1.80	-0.38	-0.86
Bihar	61.6	40.7	43.7	39.4	-2.09	-0.24	-0.86
Gujarat	41.9	28.3	20.1	17.9	-1.36	-1.28	-0.44
Haryana	26.4	16.5	22.4	23.0	-0.99	-0.08	0.12
Karnataka	43.6	39.9	25.9	19.4	-0.37	-0.60	-1.30
Kerala	48.0	24.3	18.4	12.1	-2.37	-0.34	-1.26
Madhya Pradesh	56.1	49.0	35.1	22.9	-0.71	-0.61	-2.44
Maharashtra	41.1	35.0	25.6	18.3	-0.61	-0.20	-1.46
Orissa	54.0	40.6	37.6	25.9	-1.34	0.28	-2.34
Punjab	22.9	10.9	18.7	18.1	-1.20	-0.54	-0.12
Rajasthan	41.2	31.0	29.7	19.9	-1.02	-0.23	-1.96
Tamil Nadu	51.9	39.9	19.7	12.8	-1.20	-1.44	-1.38
Uttar Pradesh	52.7	36.1	34.1	31.7	-1.66	-0.49	-0.48
West Bengal	33.5	22.9	24.4	22.1	-1.06	-0.68	-0.46
All India	43.6	32.6	25.5	20.9	-1.10	-0.61	-0.92

Source: Planning Commission(2014) Data for Use of Deputy Chairman available at <http://planningcommission.gov.in>

Note: * - Estimates using Tendulkar Methodology

It is interesting to note that the ratio of urban poverty in some of the larger states is higher than that of rural poverty leading to the phenomenon of ‘Urbanisation of Poverty’. Poor people live in slums and are involved in informal sector activities where there is constant threat of eviction, removal, confiscation of goods and almost non-existent social security cover. With growing poverty and slums, Indian cities have been grappling with the challenges of making the cities sustainable. The sustainability of urban development in India is seen in the context of shelter and slums, basic urban

services, financing urban development and governance and planning (Urban Poverty Report 2009).

Dandekar and Rath (1971) urban poverty is an overflow of urban poverty (p.133). Majority of the urban poor are landless agricultural labourers, small farmers and rural poors who migrate to cities due to near hunger like situation in rural areas. But according to Hasim (2009) urban poverty is not a spill-over of rural poverty as generally perceived. The study observed that manufacturing sector in India has not been

able to provide necessary pull to rural workers. Migrants in cities are economically better-off as they are placed at higher economic level than the natives of cities. Rural migrants into urban areas have been found to have a lower probability of being poor than the local population. Though urbanisation is generally associated with lower levels of poverty, certain aspects of economic development and changes associated strongly with the process of urbanisation in India have created a backwash effect for poor urban communities. This includes re-structuring and dismantling of larger industries in big cities like Mills due to higher land prices in cities leaving a large number of workforce jobless forcing them into informal sector activities. Similarly, slum demolition drive in some cities has made urban poor more deprived and stressed.

The impact of migration on urban poverty was analysed by Singh (2009) and he found that the relationship between poverty and migration is not clearly established and it was observed that middle and higher income groups show higher propensity to move. Poverty incidence was found less among migrants as compared to non-migrants but it was higher among rural to urban migrants. The economic motive remains the main reason for migration among male interstate migrants. Economically backward states keep losing people to developed states.

The increasing pace of casualisation of work force and emergence of urban informal sector after economic reforms has also contributed to increasing poverty. The prominent reason for urban informalisation is the reorganization or collapse of industrial structure in major industrial centers. Therefore a sizeable portion of displaced workers failed to find any gainful employment. The others, who were

occupied as wage-earners or self-employed, got only meager returns for their labour time. The above account highlights heavy concentration of poor households as self-employed and casual workers. But these people hardly able to raise their income due to the lack of business skills (Awasthi, Kasyap and Yagnik, 2009).

The face of urban poverty is multidimensional and it is usually characterized by:

- *Inadequate household income* (resulting in inadequate consumption of basic necessities), sometimes exacerbated by an uneven distribution of consumption within households, between men and women and between adult men and children.
- *Limited asset base* for individuals, households or communities (including both material assets such as housing and capital goods, and non-material assets such as social and family networks and 'safety nets').
- *Inadequate provision of 'public' infrastructure and services* (piped water, sanitation, drainage, health care, schools, emergency services, etc.)
- *Inadequate protection by the law* – for instance, regarding civil and political rights, health and safety in the workplace, environmental legislation and protection from violence.
- *'Voicelessness' and powerlessness* within the political system – no possibility or right to receive entitlements, make demands within political systems or get a fair response.
- *Exploitation and discrimination* (often on the basis of gender, caste, age, ethnicity, etc.)

3. Urbanization and Slum

According to the United Nations Human Settlements Program (2003) study cities growing urban population growth was a

crucial factor for the development of slums. Among fifteen countries having an urban slum population exceeding 50 per cent of the total urban population, the urban growth rate was above three per cent, with a range between 3 and 6 per cent on average. This urban growth can be considered as amongst the highest in the world for developing cities. Whereas, among the countries with the lowest proportion of urban slums in (less than 15 per cent) the average urban growth rate over the same period (1950-2001) was between a ranges of 2 to 4 per cent, a percentage that coincides with the average growth rate of most of the regions that are in a demographic transition. In view of these findings, UN-HABITAT observed- 'it is possible to conclude that the urban population growth is among some of the important factors that lead to a high incidence of slum population. It is vicious cycle of population growth, opportunities in the cities (leading to migration to the cities), poverty with low incomes, tendency to be closer to work hence occupy any land in the vicinity.

Giving another dimension, Jain (2007) emphasized: "*slums and squatters in Indian Cities are integral part of their growth and are important source of shelter delivery to the poor. Their growth is twice as fast as the formal sector of housing.*" These settlements represent a solution rather than a problem. In other words, slums are indispensable in the process of urbanization, industrialization and development. Yeung, 1991 (cited in Ooi and Phua, 2007) explaining reason of poor housing and access to basic amenities remarked that due to large scale and unprecedented accelerated growth of cities in developing countries of Asia, most of the municipal governments are not physically, fiscally, politically and administratively equipped to tackle the problems of providing the basic

infrastructure services. The urban poor had to compete for scarce essential services. Inherent policy and social biases in favour of rich deny the poor people shelter, safe water, acceptable sanitation, minimal nutrition and basic education. Hardoy and Satterthwaite (1995) also echoed similar conclusions and observed that in the cities vast numbers of people compete for the most basic elements of life, such as- "*.... a room within reach of employment with an affordable rent, or vacant land on which a shelter can be erected without fear of eviction; for places in schools; for medical treatment for health problems or injuries, or a bed in hospital; for access to clean drinking water; for a place on a bus or train; for a corner on a pavement or square to sell some goods – quite apart from the enormous competition for jobs.*" Thus, we may conclude that outsized and rapid urbanisation, scarcity of resources, incapable and inadequate administration, lack of or faulty planning forces urban poor to settle in the places that not fit for human inhabitations. There exist a short of urbanisation-urban poverty-slum nexus.

4. Conclusions

The present analysed urban poverty as an explanation for slum formation in cities. Urbanisation, urban poverty and slums are inter-related. Paper analysed extent of urban poverty and its possible contribution in slum problem. The increasing pace of casualisation of work force and emergence of urban informal sector after economic reforms has also contributed to increasing poverty. Urban poverty estimates provided by the expert group (Lakdawala Committee) appointed by the Planning Commission, indicated that urban poverty is more severe than rural poverty It is vicious cycle of population growth, opportunities in the cities (leading to migration to the cities),

poverty with low incomes, tendency to be closer to work hence occupy any land in the vicinity.

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