

Urban Poverty In India: Incidence And Extent

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Urban poverty is a major challenge before the urban managers and administrators of the present time. Though the anti-poverty strategy comprising of a wide range of poverty alleviation and employment generating programmes has been implemented but results show that the situation is grim. Importantly, poverty in urban India gets exacerbated by substantial rate of population growth, high rate of migration from the rural areas and mushrooming of slum pockets. Migration alone accounts for about 40 per cent of the growth in urban population, converting the rural poverty into urban one. Moreover, poverty has become synonymous with slums. The relationship is bilateral i.e. slums also breed poverty. This vicious circle never ends. Most of the world's poor reside in India and majority of the poor live in rural areas and about one-fourth urban population in India lives below poverty line. If we count those who are deprived of safe drinking water, adequate clothing, or shelter, the number is considerably higher. Moreover, the vulnerable groups such as Scheduled Castes, Scheduled Tribes, minorities, pavement dwellers etc. are living in acute poverty. Housing conditions in large cities and towns are depicting sub human lives of slum dwellers. With the reconstruction of poverty alleviation programmes in urban India, it is expected that social and economic benefits will percolate to the population below the poverty line. However, eradication of poverty and improving the quality of life of the poor remain one of the daunting tasks. Against this view point present paper purports to analyze perspective of urban poverty, emerging trends, dimensions, poverty alleviation programmes and to suggest strategies for formulation of micro action plans.

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Conceptualization and Measurement:

Poverty generally arises from lack of income or assets. The low income of the poor can be attributed to the following problems facing them (Venkateshwaraloo, 1998): (i) Low access to financial resources and production assets which are necessary to sustain the micro-enterprises beyond day today basis, (ii) Monopolistic control over micro-enterprises by larger entities which, through control over inputs and/or insecurity of wage employment, compel the poor to accept lowest wages and to work overtime without pay. The urban poor have low access to formal education, health services, shelter and safe living environments. Moreover, poverty is also perpetuated by division of labour and time, away from income earning uses and towards daily physical, environmental and energy management tasks, necessary to sustain life itself. This diversion further limits chances of investing household resources in skill attainment and enterprises.

Poverty has been measured on the basis of nutritional requirement, monthly per capita expenditure and housing conditions. Thus income-based poverty lines set for the whole country do not allow for high costs of living in cities. No single poverty line can take into account the large differences in the availability and cost of food, shelter, water sanitation and health care services. Housing poverty has been defined by UNCHS as lack of safe, secure and healthy shelter with basic infrastructure like piped water and adequate provision for sanitation, drainage and removal of household's wastes. The definition of poverty line in India was set for the first time in 1962 by a working group after taking into account the recommendations of the Nutrition Advisory Committee of the Indian Council of Medical Research (1958) regarding balanced diet. The working group proposed the poverty norm in money terms in urban and rural areas. It was based on broad judgment of minimum caloric need. Importantly, the Planning Commission in 1977 constitutes a Task Force on projections of

Minimum Needs and Effective Consumption Demand. It defined the poverty line as a per capita consumption expenditure level which meets the average per capita daily caloric requirement of 2400 calories in rural areas and 2100 calories in urban areas along with a minimum of non-food expenditure. The Planning Commission constituted the Expert Group on estimation and number of poor in 1989. It did not redefine the poverty line but estimated separate poverty line for each state by desegregating the national level poverty line. It used the state-wise consumer price index of industrial workers for updating urban poverty line (Singh and Mitra, 2000).

The poverty is broadly defined in terms of material deprivation, human deprivation and a range of other deprivations such as lack of voice, vulnerability, violence, destitution, social and political exclusions, and lack of dignity and basic rights. In India, and indeed throughout the world, the conventional approach equates poverty with material deprivation and defines the poor in terms of incomes or levels of consumption. The Planning Commission has defined poverty in terms of the level of per capita consumer expenditure sufficient to provide an average daily intake of 2400 calories per person in rural areas and 2100 calories per person in urban areas, plus a minimal allocation for basic non-food items. There is no doubt that material deprivation is a key factor that underlines many other dimensions of poverty. Despite uncertain progress at reducing material deprivation, there has been greater progress in human development in the states throughout the 1990's. Human Development Indicators capture important dimensions of well-being and reflect not just the rate of growth in the economy but also levels and quality of public spending (World Bank, 2002). Effective public spending on basic services (education, health, water and sanitation) can compensate for limited capacity of the poor to purchase these services through the market. Education is a key indicator of human development. Many desirable social and economic outcomes

are limited to rising levels of education, particularly education of women and of socially vulnerable groups. Health status is another key indicator of human development. Vulnerable, powerlessness, exclusion and social identity crises are some of the issues related with human poverty. Vulnerability is a fact of life for the poor. They are distressed not only by current low levels of resources and incomes, but also by the possibility of falling into deeper poverty and destitution. The poor are at risk because they lack the income, the assets and the social ties that protect the better off from the impact of unexpected setbacks. Illness requires expensive treatment; the temporary or permanent disability of a breadwinner, or a natural or man-made disaster can obliterate a poor household's small savings. Death, disability, disease, etc. are such factors, which are linked with vulnerability. Widowhood or desertion by a spouse, often led to destitution in poor and low caste women (Unni, 1998; Dreze, 1990). In urban areas, the following types of vulnerability of the poor are reported:

- (i) **Housing Vulnerability:** Lack of tenure, poor quality shelter without ownership rights, no access to individual water connection/toilets, unhealthy and unsanitary living conditions.
- (ii) **Economic Vulnerability:** Irregular/casual employment, low paid work, lack of access to credit or reasonable terms, lack of access to formal safety net programmes, low ownership of productive assets, poor net worth and legal constraints to self employment.
- (iii) **Social Vulnerability:** Low education, lack of skills, low social capital/caste status, and inadequate access to food security programmes, lack of access to health services and exclusion from local institutions.
- (iv) **Personal Vulnerability:** Proneness to violence or intimidation, women, children and elderly, disabled and destitute, belonging to low

castes and minority groups, lack of information, lack of access to justice.

The poor lack the leverage to ensure that state institutions serve them fairly and thus often lack access to public facilities or receive goods of inferior quality. Importantly, caste, status and gender is linked to poverty in a number of ways. Deep and continuing social inequalities mark many facets on the society. Individuals with low caste status are for more likely to be employed as low paid; low status labourers live in poorly constructed houses with limited access to water and sanitation. Importantly, poor are the truly destitute. Destitute households have fewer and often very weak ties of mutual assistance and support than their wealthier counterparts. They lack of formal and informal safety nets. Poor women face high risks of destitution. A significant number of women poor belong to female-headed households.

The majority of the urban poor tend to fall within the following generic occupational categories (Oxfam, 1997):

- (i) Casual workers, unskilled, non-unionized wage workers;
- (ii) Unskilled, non-unionized service industry workers;
- (iii) Street vendors;
- (iv) Construction workers;
- (v) Rickshaw pullers;
- (vi) Sweepers;
- (vii) Domestic workers;
- (viii) Rag pickers;
- (ix) Sex workers;
- (x) Beggars.

In the housing category of poverty based on physical conditions and environment, urban poor may include:

- (i) Pavement dwellers;
- (ii) Nomadic pavement dwellers;
- (iii) Recognized slum dwellers;
- (iv) Unrecognized slum dwellers; and
- (v) Squatters.

Three groups tend to be most vulnerable in urban context- women, children and minorities. In general women and children fall at the bottom and of the sub-contracting chain, performing the lowest paid activities such as home based prices and domestic services. In urban settings, the family support chain often breaks down with women facing particular stresses as they attempt to balance their work and domestic tasks. The impact of media, alcohol, drugs etc. on conditions of worsening deprivation of women tend to face harassment and physical abuse form within the households, the community and from employers. The health status of women and children, is also particularly bad in relation to men. Women are forced into becoming sex workers as a result of their economic circumstances, in turn making their health extremely vulnerable (Oxfam, 1997).

Social Aspect of Poverty:

Poverty has been examined in mainly economic terms such as per capita income or calorie criterion. The social aspect of poverty, particularly the culture and value aspects, which poverty creates, breeds and transmits and which have larger implications for the overall quality of life have not been seriously examined (Thakur, 1998). Cities and towns generally show the following characteristics (OSD):

1. Very fast rate of population growth due to rural-urban migration for lack of adequate job opportunities in rural areas and small towns;
2. Rapid increase in the scale of urban poverty and deprivation;

3. Increasingly deficient infrastructure and services e.g. housing facility, water supply, sanitation, education, health etc.;
4. Growing shortage of productive jobs;
5. Chronic shortage of financial, managerial and technical resources and
6. Growing gap between the rich and the poor, between the urban elite and poverty stricken rural and urban poor.

There is general consensus that greater part of India's poverty is rural but urban and rural poverty are intimately connected. The problem of rural poverty is flowing into the urban areas (Dandekar and Rath, 1971). The larger cities are growing in the number of poor people (Desai, 1968). The urban growth is a result of population shift from poverty stricken hinterland to the cities (Kopardekar, 1986). Importantly, the vast majority of urban workers come from villages and continue to have their roots there. The poorest among them come from the most helpless strata of rural population (Thakur, 1988). Thus, the vast majority of the urban poor are migrants, rural poor, landless labourers and petty farmers. Acute impoverishment of these farmers, near hunger situation of rural landless labourers led to their distress and migration to cities (Jha, 1986). Interestingly, cities provide a market for their cheap labour and they cling to the city, developing a culture of survival. The culture of poverty has the following characteristics (Lewis):

- 1- Lack of effective participation and integration of the poor with the major situations of larger society;
- 2- Low wages, chronic unemployment and under unemployment leading to low income, absence of savings, absence of food reserves and a chronic shortage of cash;

- 3- Low level of literacy and education, no membership of labour union or any political party, no participation in the national welfare programme;
- 4- Community spirit in the slums and the slum neighbourhood;
- 5- The absence of childhood as a specially protected stage in the life cycle, early initiation into sex, a relatively high incidence of abandonment of wives and children;
- 6- Strong feeling of marginality, helplessness, dependence and inferiority;
- 7- High incidence of material deprivation, little ability to plan for the future, sense of resignation and fatalism.

Living in a state of perpetual poverty and deprivation, the poor generally develop and acquire habits, which may be characterized as their typical slum habits and which get transmitted to the children as well. These habits generally are (Thakur, 1988):

- (i) Idle gossiping;
- (ii) Backbiting, leg pulling and slandering;
- (iii) Gossiping about the affair of the neighbour;
- (iv) Quarrel over small matters;
- (v) Bearing tales and spreading rumours;
- (vi) Use of abusive language in minor incidents and quarrels among children or women;
- (vii) Little regard for public property not much hesitation in breaking street-light, removing lid cover of pit holes etc.;
- (viii) Mutual jealousy, suspicion;
- (ix) Smoking;
- (x) Tobacco, drug abuse, spitting in public places;

- (xi) Gambling;
- (xii) Playing cards; and
- (xiii) Little respect for other's viewpoints, opinion, comforts and time.

Poverty Estimates:

Poverty alleviation has been on the national policy agenda for more than 50 years. As early as 1938, the Indian National Congress constituted a National Planning Committee which had declared that social objective should be to ensure an adequate standard of living for the masses. The importance of reduction in poverty and provision of other basic needs has been emphasized in all the five year plans since Independence particularly since the 5th Five Year Plan. The estimates on poverty based on NSS data show that poverty in India in 1997 was around 37 per cent (rural poverty ratio was 38 per cent and urban poverty ratio was 34 per cent) (Dev, 2000). The concept of poverty is multi-dimensional viz. income poverty and non-income poverty. It covers not only levels of income and consumption but also health and education, vulnerability and risks and marginalization and exclusion of the poor from the mainstream of society (Dev, 2000). According to some researchers, reforms would benefit the poor in the medium and long run, although they may have adverse effect in the short-run (Bhagwati and Srinivasan, 1993, Tendulkar, 1998, Joshi and Little, 1996). Some others argue that reform package has internal contradictions and it might have adverse effect on the poor in both short and long run (Nayyar, 1993, Ghosh, 1995, Bhaduri, 1996). The pro-reformers argue that the reforms would increase efficiency and higher growth and in turn reduce poverty. It is also argued that one has to look at counterfactual situation while analysing the impact of reforms.

The trends during 24 years of pre-reform period (1951 to 1973-74) show that the (a) rural poverty varied between 44 per cent and 64 per cent and (b) urban poverty varied between 36 per cent and 53 per

cent. Both rural and urban poverty showed a decline in the late 1970's and in the 1980's. The estimates for the period 1973-74 to 1998 are given in Table 1.

Table: 1
Trends In Poverty In India (1973-74 to 1998)

Year	Datta's Estimates		S.P. Gupta's Estimates		
	Rural	Urban	Rural	Urban	Total
1973-74	55.72	47.96	--	--	--
1977-78	50.60	40.50	--	--	--
1983	45.31	35.65	45.65	40.79	44.48
1986-87	38.81	34.29	--	--	--
1987-88	39.23	36.20	39.09	38.20	38.86
1988-89	39.06	36.60	--	--	--
1989-90	34.06	33.40	33.70	36.00	34.28
1990-91	36.43	32.76	35.04	35.29	35.11
1991	37.42	32.33	--	--	--
1992	43.47	33.73	41.70	37.80	40.70
1993-94	36.66	30.51	37.27	32.36	35.07
1994-95	41.02	30.51	37.27	32.36	35.07
1995-96	37.15	28.04	38.29	30.05	36.08
1997	35.78	29.99	38.46	33.97	37.23
1998 (Six months)	--	--	45.25	34.58	43.01

Source: Estimates based on NSS data on Consumer Expenditure Quoted from Economic & Political Weekly, March, 2000.

The above table shows that rural poverty declined in the 1980's but it increased to above 40 per cent in 1992 and 1994-95. On the other hand, urban poverty declined significantly in the 1990's. Gupta's

estimates also show similar trends on rural poverty. However, in 1998 the rural poverty increased to around 45 per cent.

Urban poverty estimates (on 30 day's recall by Planning Commission), shown in Table 2 present the figures of 26.1 per cent of population below the poverty line; 27.09 per cent in rural areas and 23.62 per cent in urban areas.

Table: 2

**Urban Poverty In India By States During 1999-2000
(30 Day Recall Period)**

State	Rural		Urban		Combined	
	No. of persons (Lakh)	% of persons	No. of persons (Lakh)	% of persons	No. of persons (Lakh)	% of persons
Andhra Pradesh	58.13	11.05	60.88	26.63	119.01	15.77
Arunachal Pradesh	3.80	40.04	0.18	7.47	3.98	33.47
Assam	92.11	40.04	2.38	7.47	94.55	36.09
Bihar	376.51	44.30	49.13	32.91	425.64	42.60
Goa	0.11	1.35	0.59	7.52	0.70	4.40
Gujarat	39.80	13.17	28.09	15.59	67.89	14.07
Haryana	11.94	8.27	5.39	9.99	17.34	8.74
Himachal Pradesh	4.84	7.94	0.29	4.63	5.12	7.63
Jammu & Kashmir	2.97	3.97	0.49	1.98	3.46	3.48
Karnataka	59.91	17.38	44.49	25.25	104.40	20.04
Kerala	20.97	9.38	20.07	20.27	41.04	12.72
Madhya Pradesh	217.32	37.06	81.22	38.44	298.54	37.43
Maharashtra	125.12	23.72	102.87	26.81	227.99	25.02

Manipur	6.53	40.04	0.66	7.47	7.19	28.54
Meghalaya	7.89	40.04	0.34	7.47	8.23	33.87
Mizoram	1.40	40.04	0.45	7.47	5.49	32.67
Nagaland	5.21	40.04	0.28	7.47	5.49	32.67
Orissa	143.69	48.01	25.40	42.83	169.09	47.15
Punjab	10.20	6.35	4.29	5.75	14.49	6.16
Rajasthan	55.06	13.74	26.78	19.85	81.83	15.28
Sikkim	2.0	40.04	0.04	7.47	2.05	36.55
Tamil Nadu	80.51	20.55	49.97	22.11	130.48	21.12
Uttar Pradesh	412.01	31.22	117.88	30.89	529.89	31.15
West Bengal	180.11	31.85	33.38	14.86	213.49	27.02
Delhi	0.07	0.40	11.42	9.42	11.49	8.23
India	2932.43	27.09	670.07	23.62	2602.50	26.10

Source: Cited from Kuruksheta, April, 2001.

Again, 670.07 lakh persons in urban areas were reported living below poverty line. Importantly, Uttar Pradesh, Maharashtra, Madhya Pradesh, Andhra Pradesh and Bihar account for larger share in urban poor. The percentage of urban poor was recorded highest in Orissa (42.83 per cent), Madhya Pradesh (38.44 per cent), Uttar Pradesh (30.89 per cent), Bihar (32.91 per cent) and Maharashtra (26.81 per cent). Indian poverty is predominant in the rural areas where more than three quarters of all poor people reside, though there is wide variation in poverty across different states. Moreover, progress in reducing poverty is also very uneven across different states of the country (Table 3).

Table: 3
Percentage Of Population Below Poverty Line
By States

State	MISH			Planning Commission		
	1987-88	1997-98	Change	1987-88	1997-98	Change
Andhra Pradesh	40.11	15.01	25.1	40.11	38.33	1.78
Assam	9.94	1.71	8.23	9.94	7.73	2.21
Bihar	48.73	24.88	23.85	48.73	34.50	14.2
Gujarat	37.28	7.65	29.63	37.28	27.89	9.39
Haryana	17.98	4.58	13.4	17.64	16.38	1.26
Himachal Pradesh	8.29	1.69	6.6	8.29	9.18	-0.89
Karnataka	48.42	15.45	32.97	48.42	40.14	8.28
Maharashtra	39.78	12.59	27.19	39.78	35.15	4.63
Madhya Pradesh	47.09	15.49	31.60	47.09	48.38	-1.29
Orissa	41.63	20.20	21.43	41.63	41.64	-0.01
Punjab	14.67	2.12	12.55	14.67	11.35	3.32
Rajasthan	41.92	17.41	24.51	41.92	30.49	11.43
Tamil Nadu	38.04	8.00	30.04	38.04	39.77	-1.73
Uttar Pradesh	42.90	15.65	58.55	42.90	35.39	7.51
West Bengal	35.08	8.25	26.83	35.08	22.41	12.67

Note: MIH—Market Information Survey of Households by NCAER, Delhi.

Source: Cited from Economic & Political Weekly, March, 24, 2001.

It showed higher reduction (MISH) in Uttar Pradesh, Kerala, Madhya Pradesh, Tamil Nadu, Karnataka and Gujarat. The poverty reduction as per estimates of Planning Commission during 1987-88 to

1993-94 was recorded highest in Kerala, West Bengal, Rajasthan, Bihar, Gujarat and Uttar Pradesh.

Poverty estimates for urban India are shown in Table 4. The head count ratio in 1993-94 was reported to be 30.03 with poverty gap of 7.62 and square poverty gap of 2.76.

Table: 4

Poverty Estimates For Urban India

Period	Head Count Ratio	Poverty Gap	Square Poverty Gap	Gini Coefficient	
				Urban	All India
1956-57	51.45	18.16	8.51	0.402	0.3417
1957-58	47.75	15.95	7.00	0.359	0.3536
1958-59	44.76	13.75	5.87	0.348	0.3446
1959-60	49.17	15.83	6.75	0.357	0.3664
1960-61	44.65	13.84	5.83	0.350	0.3259
1961-62	43.55	13.79	6.05	0.357	0.3308
1963-64	44.83	13.29	5.17	0.360	0.3073
1964-65	48.78	15.24	6.38	0.349	0.3105
1965-66	52.90	16.82	6.98	0.339	0.3114
1966-67	52.24	16.81	7.19	0.337	0.3106
1967-68	52.91	16.93	7.22	0.332	0.3055
1968-69	49.29	15.54	6.54	0.329	0.3166
1970-71	44.98	13.35	5.35	0.346	0.3038
1972-73	45.67	13.46	5.26	0.345	0.3185
1973-74	47.96	13.60	5.22	0.317	0.2917
1977-78	40.50	11.69	4.53	0.337	0.3214
1983	35.65	9.52	3.56	0.334	0.3149
1986-87	34.29	9.10	3.4	0.356	0.3222

1987-88	35.65	9.31	3.25	0.356	0.3182
1988-89	36.40	9.54	3.29	0.356	0.3182
1989-90	33.40	8.51	3.29	0.356	0.3115
1990-91	32.76	8.51	2.12	0.340	0.2969
1991	33.23	8.24	2.9	0.351	0.3253
1992	33.73	8.82	3.19	0.356	0.3202
1993-94	30.03	7.62	2.76	0.345	---

Source: Cited from Indian Development Report, 1999-2000 IGIDR, Bombay.

Some trends that emerge from assessment of all India poverty situations in pre and post-reform period are (IDR, 2000):

- (i) Rural and urban poverty increased during the first two years of the reform period;
- (ii) The phenomenon of faster decline of rural poverty in the 1980's has halted in the post 1991 period. The rate of decline in poverty for the period of 1987-88 to 1993-94 has been much slower as compared to that of the 1980's;
- (iii) There has been a decline in the absolute number of poor in the 1980's. In contrast, the post 1991 period showed an increase in the absolute number of poor.
- (iv) Urban poverty declined much faster than rural poverty in the post-reform period.

Incidence Of Poverty:

Poverty is a complex, deep-seated pervasive reality. Virtually half of the world lives on less than US \$2 a day. More than 1.2 billion people struggle on \$1 a day or less. A further 1.6 billion people live on \$1 to 2 a day and are thus also poor, insecure and at risk of falling to the level of bare subsistence (ILO, 2003). About half of the people living in poverty

are of working age (between 15 and 64 years). Although most family members have to contribute in one way or another to the household's welfare, the earning power of adults is a critical determinant of the well being of the family. For individuals, poverty is a nightmare. It is vicious circle of poor health, reduced working capacity, low productivity and shortened life expectancy. For families, poverty is a trap. It leads to inadequate schooling, low skills, insecure income, early parenthood, ill health and an early death. For nations, poverty is a curse. It hinders growth, fuels instability and keeps poor countries from advancing on the path to sustainable development (ILO, 2003). There is another face of poverty. People living in conditions of material deprivation draw on enormous reserves of courage, ingenuity, persistence and mutual support to keep on the thread mill of survival. After all, for most people living in poverty, there is no safety net and little state support. However, poor do not cause poverty. Poverty is the result of structural failures and ineffective economic and social systems. Thus, the poverty may be alleviated only through institutional support, political will and effective administrative machinery for social safety net and creation of employment opportunities.

India has made significant progress in reducing poverty at the national level during the period 1956-2000. Poverty has declined in all states, with substantial differences across states. The absolute number of rural poor, which accounted for about three-fourth of the country's poor rose from 182 million in 1956-67 to 261 million in 1973-74, accounting for nearly half of the additions to the rural population during the period. In the second phase, from the mid 1970s to the close of the year 2000, the country achieved substantial reduction in the incidence of poverty (Table 5).

Table: 5
Poverty Estimates For Urban India

Year	Poverty (Percent)		Number of Poor (Million)		
	Rural	Urban	Rural	Urban	Total
1956-57	54.1	--	182	--	--
1957-58	50.2	--	172	--	--
1958-59	46.5	--	162	--	--
1959-60	44.4	--	158	--	--
1960-61	38.9	40.4	141	32	173
1961-62	39.4	39.4	145	32	177
1963-64	44.5	42.5	171	37	208
1964-65	46.8	45.7	184	42	226
1965-66	47.4	46.4	190	44	234
1966-67	56.6	48.4	231	47	278
1967-68	56.5	48.3	236	49	285
1968-69	51.0	45.5	217	47	264
1969-70	49.2	44.4	214	48	262
1970-71	47.5	41.5	210	46	256
1972-73	49.4	44.6	227	53	280
1973-74	56.4	49.6	261	60	321
1977-78	53.1	45.2	264	65	329
1982-83	45.6	40.8	252	71	323
1987-88	39.1	38.2	232	75	307
1993-94	37.3	32.4	244	76	320
1999-2000	27.1	23.6	193	67	260

Source: Tendulkar, S.D. Economic Inequality and Poverty in India IN Uma Kapila (Ed.) Indian Economy Since Independence, Academic Foundation, New Delhi, 2003.

The proportion of the country's population living in poverty declined from half to one quarter. Due to methodological changes, in the collection of NSS data in the 55th Round (1999-2000), comparison of the pre and post-reform period growth rate is problematic. Undoubtedly, India has made substantial progress in the reduction of poverty. Yet, as many as 260 million persons are living below the poverty line. According to UNDP's Human Development Report, 2003, India has the target number of poor among the countries of the world and is home to one fourth of the world's poor. A large number of hardcore poor are located in remote and inaccessible areas. The problem of poverty alleviation is going to be far more difficult than in the past. Since, those who were near the poverty line might have crossed it (Radha Krishnan and Rao, 2006). The regional differences in poverty reduction are substantial. The decline between 1973-74 and 1999-2000 in state's incidence of poverty in rural areas ranged between 12-50 percentage point during 1973-2000 and 20-40 percentage points in urban areas. The inter-state variations in the rural poverty reduction during 1957-90 has been attributed to the variations in their agricultural productivity improvement (Datta and Ravallion, 1992). In addition, variations in initial endowments of physical infrastructure and human resources contributed to the inter-state variations in the performance of the states such as Andhra Pradesh, Kerala, and West Bengal, which had a higher rural poverty ratio in the first phase, had lower rural poverty ratios in the second phase (Table 6).

Table: 6

Incidence Of Urban Poverty Across States

State	Urban			Rural		
	1973-74	1993-94	1999-2000	1973-74	1993-94	1999-2000
Andhra Pradesh	50.61	38.33	26.63	48.41	15.92	11.05

Assam	36.92	7.73	7.47	52.67	45.01	40.04
Bihar	52.96	34.50	32.91	62.99	58.21	44.30
Gujarat	52.57	27.89	15.59	46.35	22.18	13.17
Haryana	40.18	16.38	9.99	34.23	28.02	8.27
Karnataka	52.53	40.14	25.25	55.14	29.88	17.38
Kerala	62.74	24.55	20.27	59.19	25.76	9.38
Madhya Pradesh	57.65	48.38	38.44	62.66	40.64	37.06
Maharashtra	43.87	35.15	26.81	57.71	37.93	23.72
Orissa	55.62	41.64	42.83	67.28	49.72	48.01
Punjab	27.96	11.35	5.75	28.21	11.95	6.35
Rajasthan	52.13	30.49	19.85	44.76	26.46	13.74
Tamil Nadu	49.40	39.77	22.11	57.43	32.48	20.55
Uttar Pradesh	60.09	35.39	30.89	56.53	42.28	31.22
West Bengal	34.67	22.41	14.86	73.16	40.80	31.85
India	49.01	32.36	23.62	56.44	37.27	27.09

Source: Economic Survey, 2001-02.

The composition of the poor has been changing. The rural poverty is getting concentrated in the agricultural labour and artisan households while urban poverty is concentrated the casual labour households. The share of agricultural labour households, which accounted for 41 per cent of rural poor in 1993-94 increased to 47 per cent in 1999-2000 (Radha Krishnan and Roy, 2004). In contrast, the share of self employed in agriculture in rural poor dropped from 33 to 28 per cent. Casual labour households accounted for 32 per cent of the urban population living in poverty in 1999-2000, increasing from 25 per cent in 1993-94. The increase in its share was due to both the increased dependence of urban households on urban casual labour

market as well as higher incidence of poverty among casual labour households. It needs to be recognized that increased dependence of rural and urban households on casual labour market exposes the poor to market risks and tends to increase transient poverty, whereby households move in and out of poverty due to fluctuations in the labour market. The urban poor have been increasingly concentrated in Uttar Pradesh, Maharashtra, West Bengal, Madhya Pradesh and Andhra Pradesh. Their share in all India urban poverty rose from 56 per cent in 1993-94 to 60 per cent in 1999-2000. Scheduled Castes, Scheduled Tribes and backward castes accounted for 81 per cent of the rural poor in 1999-2000, considerably more than their share in the rural population. The poor among the Scheduled Castes in rural areas were concentrated in Uttar Pradesh, Madhya Pradesh, Bihar and West Bengal. These states accounted for 58 per cent of the Scheduled Castes population living in poverty. In urban areas, Madhya Pradesh and Uttar Pradesh accounted for 41 per cent of the Scheduled Castes population living in poverty. The incidence of poverty among Scheduled Castes was higher in Bihar, Madhya Pradesh, and Uttar Pradesh in both rural and urban areas. The proportion of Scheduled Tribes among the rural population living in poverty has been increasing rapidly from 14.8 per cent in 1993-94 to 17.5 per cent in 1999-2000. The poverty levels of Scheduled Tribes in rural areas were high in Orissa, Bihar, Madhya Pradesh and West Bengal while in urban areas poverty ratio among Scheduled Tribes was reported high in Orissa, Karnataka, Andhra Pradesh and Bihar. In the terms of human deprivation or poverty, (education, health, etc.) the Scheduled Tribes are at the bottom. The increasing concentration of poverty tribals who suffer from multiple deprivations is a matter of concern. The incidence of poverty among females tended to be marginally higher in both rural and urban areas. The proportion of females living in poor households in rural areas was 37 per cent and 27 per cent in 1993-94 and 1999-2000,

respectively with the corresponding percentage for urban areas being 34 and 25 per cent. In contrast, the percentage of males living in poverty in rural areas was 36 per cent and 26 per cent in 1993-94 and 1999-2000 respectively, while those in urban areas was 32 and 23 per cent, respectively. Females accounted for slightly less than half of the poor, about 49 per cent in both rural and urban areas in both the years. Importantly, child poverty is widespread in India both in rural and urban areas. The percentage of children aged below 15 years living in households below the poverty line in rural areas was 44 per cent and 33 per cent in 1993-94 and 1999-2000, respectively while the corresponding percentages for urban areas stood at 41 and 33 per cent. Among poor people, the share of children in rural areas increased from 44 per cent in 1993-94 to 46 per cent in 1999-2000 and in urban areas from 41 per cent to 42 per cent during corresponding period. The high level of child poverty would result in a high incidence of child malnutrition (Radha Krishnan and Rao, 2006). The states with high incidence of human poverty, such as Bihar, Orissa, Madhya Pradesh, Uttar Pradesh and Rajasthan are found at the bottom on the Human Development Index ranking. Kerala was the best performer in both rural and urban areas and Bihar the worst performer in rural areas and Uttar Pradesh in the urban areas. Bihar, Orissa, Madhya Pradesh, and Uttar Pradesh consistently showed poor performance on three indices and Kerala and Punjab showed consistently better performance. Rajasthan performed better on poverty rank than HDI and HPI ranks. Tamil Nadu and Maharashtra performed better on HDI rank than poverty and HPI ranks. The factors contributing to human poverty are not a unique set for the entire country, and vary from state to state and even across regions. The poverty reduction measures are generally focus on livelihood development, employment generation, skill enhancement, rights advocacy, strengthening cooperatives and people's associations and accessibility of micro credit, etc. (Table 7).

Table: 7

Human Development Index In Urban India

State	Human Development Index						Human Poverty Index (In 1991)	
	1981		1991		2001		Value	Rank
	Value	Rank	Value	Rank	Value	Rank		
Andhra Pradesh	0.425	9	0.473	12	0.416	10	24.78	10
Assam	0.380	13	0.555	5	0.386	14	21.79	9
Bihar	0.378	14	0.460	14	0.367	15	28.04	13
Gujarat	0.458	6	0.532	7	0.479	6	20.29	6
Haryana	0.465	5	0.562	3	0.509	5	17.49	3
Karnataka	0.489	3	0.523	8	0.478	7	20.69	7
Kerala	0.544	1	0.628	1	0.638	1	14.43	1
Madhya Pradesh	0.395	11	0.491	11	0.416	10	25.04	11
Maharashtra	0.489	4	0.548	6	0.523	4	16.23	2
Orissa	0.368	15	0.469	13	0.404	11	29.23	14
Punjab	0.495	2	0.566	2	0.537	2	18.26	4
Rajasthan	0.386	12	0.492	10	0.424	9	27.79	12
Tamil Nadu	0.445	7	0.560	4	0.537	2	18.71	5
Uttar Pradesh	0.398	10	0.444	15	0.388	13	31.20	15
West Bengal	0.427	8	0.511	9	0.472	8	21.52	8
India	0.442	--	0.511	--	0.472	--	22.00	--

Source: Planning Commission, 2002, Delhi.

Analysis shows that poverty reduction has been uneven between the states. There is no correlation with per capita income or other development indicators like per capita consumption, levels of industrial

and infrastructural development etc. in urban areas during the 1990's (Planning Commission, 2001). Again, rapid economic growth has not led to a corresponding decline in poverty. Urban poverty thus, emerges as a more complex phenomenon than rural poverty. The urban poor faces more problems related with housing amenities, urban infrastructure, size of town or city, and vulnerabilities—housing, economic, social and personal. The urban poor are characterized by deprivation and misery while they are classified as core poor, intermedial poor, and transitional poor. Another study classified them as declining poor, coping poor and improving poor, with different degrees of poverty for three basic needs of survival, security and quality of life.

Government Initiatives:

The government policies on urban poverty have followed three paths:

- (i) Those that seek to enhance productive employment and income for the poor;
- (ii) Those that are directed towards improving the general health and welfare services;
- (iii) Those that focus on infrastructure and built environment of poor neighbourhood.

Though several programmes of poverty alleviation have been initiated by government but effective dent on poverty could not be ensured. The schemes had certain limitations, which ultimately resulted in poor results or failure. Environment Improvement of Urban Slums (EIUS) launched in 1972 provided physical infrastructure and could not cover social services like health, education, community development, etc. The scheme could not help in preventing growth of new slums.

Similarly UBSP was designed to foster Neighbourhood Development Committees in slums for ensuring the effective

participation of slum dwellers in developmental activities and for coordinating the convergent provisions of social services, environmental improvement and income generation activities of the specialist departments (Venketeshwaraloo, 1998). The low level of resource allocation for the scheme led to sub critical releases to the state governments, which consequently gave low priority to the scheme. Importantly, NRY scheme was launched in 1989 to provide employment to the unemployed through setting up of micro-enterprises and wage employment through shelter upgradation works and creation of useful public assets in low income neighbourhoods. The scheme could not yield good results due to shortfall in employment generation on account of some states not taking up labour intensive schemes. Importantly, progress under Housing and Shelter Upgradation Scheme was recorded slow growth due to non-completion of the necessary documentation and procedural formalities. Interestingly, PMIUPEP was launched in 1994 and sought to improve the quality of life of the urban poor by creating a facilitating implementation (Venketeshwaraloo, 1998). The scheme provided for the creation of a National Urban Poverty Eradication Fund (NUPEF) with contribution from private sector. The National Slum Development Programme (NSDP) was initiated in 1996 as a centrally sponsored scheme. The scheme highlighted on the creation of community structures as the basis for slum development and gives the maximum possible leeway to the states, ULB's and the community development societies at the slum level to plan and carry out development works as per the local assessed needs. The SJSRY was initiated in 1997 and was designed to replace the UBSP.

Review During Plan Period:

The review of urban policy framework in historical perspective indicates that until the Sixth Plan (1980-85), the urban policies mainly addressed problems like housing, slum clearance, slum improvement and upgradation, preparation of Master Plans, development of small

and medium towns, strengthening of municipal civic administration, etc. The Seventh Plan made a new beginning by recognizing the problems of urban poor, which were linked with creation of employment opportunities. The Integrated Development of Small and Medium Towns (IDSMT) scheme was initiated by government in 1979-80 with a view to reducing the migration of people from rural areas to large cities, generating employment by creating resource generating ventures in the small and medium towns and providing sufficient infrastructure facilities in these towns. Overall, 1058 towns were assisted since inception of the scheme and Rs. 444.94 crores of Central assistance was released. The Urban Basic Services Scheme (UBSS) was initiated on a pilot basis in 1986, with the involvement of UNICEF and the state governments. The programme aimed at child survival and development, provision of learning opportunities for women and children, and community organization for slum population. The services supposed to be delivered, included environmental sanitation, primary health care, pre-school learning, vocational training and convergence of other social services at slum level. The scheme also included assistance to mentally retarded and handicapped children, rehabilitation of alcoholics and drug addicts, and special programmes for street children. Nehru Rojgar Yojana was launched in 1989, which targeted poor urban households. Within the target group, Scheduled Castes and Scheduled Tribes were to be given special coverage earmarking of funds. The scheme consists of the following four sub-schemes: (i) the Scheme of Urban Micro Enterprises (SUME) for encouraging self employment ventures, (ii) Scheme of Urban Wage Employment (SUWE) for providing employment to urban poor through creation of socially and economically useful assets in low income neighbourhoods in towns with a population below one lakh, (iii) Scheme of Housing and Shelter Upgradation (SHASHU) for providing employment to persons involved in housing and building activities, (iv) Scheme for Educated Unemployed Employment

Generation in Urban Localities (SEEGUL) for providing self employment opportunities for educated unemployed. Prime Minister's Integrated Urban Poverty Eradication emphasized on poverty alleviation through creation of self-employment opportunities for youth. Swarn Jayanti Swhahari Rojgar Yojana was launched in 1997 and Nehru Rojgar Yojana, PMIUPEP and UBSP were phased out. The programme has two sub-schemes namely: (a) urban self-employment programme and (b) urban wage employment programme. The self-employment and wage employment components of NRY and PMIUEP were reorganized under this single programme. The shelter upgradation components of both NRY and PMIUPEP were merged with National Slum Development Programme. The SJSRY sought to provide gainful employment to the urban unemployed or under-employed poor by encouraging setting up of self-employment ventures or provision of wage employment. This programme has laid emphasis on creation of suitable community structures on UBSP pattern and delivery of inputs under the programme. The community organizations like Neighbourhood Groups (NHG's), Neighbourhood Committees (NHC's) and Community Development Societies (CDS's) were to be set up in areas based on the USSP pattern. Urban self-employment programme has laid emphasis on setting up gainful self-employment ventures for urban poor, extending assistance to groups of urban poor women for setting up gainful employment ventures, and; training of beneficiaries for upgradation and acquisition of vocational and entrepreneurial skills.

Limitations In UPA Programmes:

Viewed from the conceptual framework, one finds that the thrust of the programmes in India has been to reach the urban poor through strategies that are related to employment, urban services and shelter. The impact of these programmes and strategies on the incidence of

urban poverty has not been encouraging. The limitations of programmes are (Sen, 2000):

- (i) Inadequate financial resources to ULB's for poverty alleviation in proportion to the magnitude of the problem;
- (ii) Lack of guarantee to get institutional finance;
- (iii) Lack effective coordination among implementing agencies;
- (iv) Lack of a coherent policy framework;
- (v) Failure to build partnership with ill-equipped municipal bodies;
- (vi) Political interference;
- (vii) Poor loan recovery.

Strategies For Poverty Reduction:

Global and national structures for poverty reduction should provide a framework for local strategies to escape cycles of low incomes from work and social exclusion International Labour Organization (2003) has developed policy instruments in the following areas:

- (i) Training and skill development;
- (ii) Investing in jobs and the community;
- (iii) Micro and small enterprises;
- (iv) Micro-finance;
- (v) Cooperatives;
- (vi) Social security;
- (vii) Hazards at work;
- (viii) Eliminating child labour;
- (ix) Overcoming discrimination.

Skills are essential to improve productivity, incomes, and access to employment opportunities. Thus, poverty reduction strategy should focus on vocational education and training since vast majority people

living in poverty cannot afford and have access to training opportunities, which are commercially managed. International Labour Organization has invested in the field of employment intensive infrastructure programmes. It has now widely recognized that these programmes are effective in bringing much needed income to poor families and their communities. Thus, financial investment in jobs and employment may create addition opportunities to poor youth. The labour intensive projects should respect standards, promote gender equality and encourage enterprise development through contracting systems. The entrepreneurship development may promote income generating enterprises and livelihood development. This will also promote self-employment among educated unemployed youth. Interestingly, it is impossible to build an enterprise without access to credit. Micro-finance activities should be promoted, strengthened and encouraged along with entrepreneurship for enabling poor to borrow for productive purposes. Moreover, participation and inclusion are central to new approach to poverty reduction. Cooperatives and people's associations including Self Help Groups are an ideal instruments in such a strategy. Cooperatives have proved to be a key organized form in building new models to combat social exclusion and poverty. Similarly, SHG's are proving crucial instrument for availability of micro-finance and social empowerment of poor. Significantly, discrimination is a basis for social exclusion and poverty. Promoting gender equality and eliminating all forms of discrimination at work are essential to defeating poverty. Child labour is both a cause and a system of poverty. The importance of universal access to basic health care and primary and secondary education is well recognized by many countries. For a poor family, securing a basic income, basic health care and school places for the children is a foundation for participating productivity in society and the economy (ILO, 2003). The poor workers need protection from occupational health hazards, accidents, diseases etc. Thus, by focusing

directly on creating the conditions for people living in poverty to work for a better future, the decent work approach mobilizes the broad spectrum of support across society is needed to maintain progress and harmony and should reach to all poor communities. Eradicating poverty calls for the coordination of policies that focus on different dimensions of the life of people living in poverty.

Policy Recommendations:

In light of the above analysis, the following recommendations are made to make the development programmes for urban poor more effective (Singh, 2001):

1. An attempt is needed to establish an urban information system pertaining to poverty.
2. The programme design requires effective participation by the local NGO's in their formulation, implementation and appraisal.
3. Effective and enhanced participation of urban poor in poverty alleviation programmes is the need of hour.
4. Urban Infrastructure Development Finance Corporation should be established to finance services in the areas where urban poor are concentrated.
5. There is a need to integrate different sectors of infrastructure within an overall plan and bring it under unified public utilities and services distribution agency.
6. Skill upgradation among the urban poor is needed to exploit employment potentials. This can be ensured through local NGO's, academic institutions and private sector partnership.
7. Government intervention is necessary for upgradation of housing conditions and empowerment of poor. The financial assistance should be made according to the paying capacity of the urban poor.



8. Training for urban youths for self-employment is needed to ensure full benefits of employment generation programmes. This may be ensured through strengthening of local NGO's, private institutions and panchayats.
9. Financial assistance provided under UPA Programmes needs to be raised. The banks tend to extend loans only for purchase of fixed assets and do not normally meet the working capital requirements of the beneficiaries.
10. The role of community is crucial for the success of urban poverty alleviation programmes and its sustainability. The local NGO's can perform the function of community mobilization, organization and participation in development programmes and should be involved in the task of community organization, policy formulation, programme implementation, monitoring and appraisal .
11. There is need to take overall requirements into consideration while making allocations so that the problem of urban poverty can be faced in right earnest.
12. The UPA package needs inter-agency linkages at various levels. The grassroot NGO's, academic organizations, resource persons, institutions and government departments – all need effective coordination.
13. The community based approach for planning be used for all UPA schemes. The role of district planning should be ensured in such a manner that UPA programmes are well designed and effectively implemented.
14. The training for municipal managers, administrators and personnel is required on sustainable basis. Academic institutions, local NGO's, private organizations etc. should be enhanced to cater to the needs of training of municipal personnel.



15. There is an urgent need to develop the urban data base at all levels to conduct action research projects to facilitate grassroots planning and policy formulation.

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