

Urban/ Rural Poverty



Poverty

- About 50 % of Indian population i.s about 600 million people are expected live in urban areas by 2020
- About 40 to 60 % of them would be poor

Who are the Poor in India?

It is estimated that one-third of the world's poor live in India, and there are more poor people in India alone than in the whole of Sub-Saharan Africa.

Although official estimates of the Government of India indicate that only every fourth Indian is poor, according to the estimates of the internationally recognised poverty line of dollar a day, 44% of persons in India are poor, and 86% of people earn less than \$2 a day.

Even official data indicates that two out of three children are moderately or severely malnourished.

Table 2 Poverty as assessed by the Planning Commission

Year	Percentage below poverty line	Annual decline in percentage points during the period	
1973-4	56.4	-	-
1987-8	39.1	1974-87	1.3
1993-4	36.2	1987-94	0.4
1999-2000	26.1	1994-2000	1.7

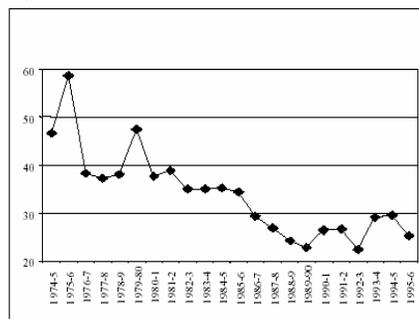
Table 3 Employment growth in the last two decades

Period	Annual rate of growth (%)	
	Rural	Urban
1983 to 1987-8	1.36	2.77
1987-8 to 1993-4	2.03	3.39
1993-4 to 1999-2000	0.67	1.34

Table 4 Breakdown of rural employment, 1999-2000

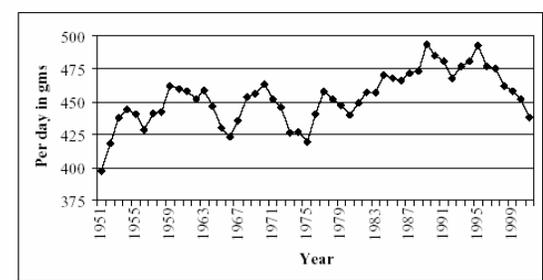
Sector	Total workers (millions)	% of total
Agriculture, animal husbandry, fisheries and forestry	238	60
Unorganised non-agricultural sector	133	33
Organised sector	28	7

Figure 1 Public capital investment in agriculture, 1974-5 to 1995-6 at 1980-1 prices (bn Rs)



The Public Distribution System and Food Security

Figure 4 Net foodgrain availability



Indicators of Rural poverty

1. Caste Status and Poverty

2. Physical Assets and Poverty

Land, house and live stock

3. Literacy and Poverty

4. Demographic features of households and Poverty

5. Infrastructure and Poverty

6. Village Size and Urban Neighbourhood

Table 1 Livelihood characteristics of the rural poor in 1993-4 (%)

Livelihood category	Scheduled Tribe (ST)	Scheduled Caste (SC)	Others	All households in livelihood category
Self-employed households in agriculture	5.6	4.8	22.5	32.9
Agricultural labour households	6.5	16.2	18.9	41.6
Self-employed households in non-agriculture	0.8	2.4	7.7	10.8
Other rural labour households	1.5	2.4	4.0	7.8
Other (residual households)	0.7	1.5	4.7	6.9
All households	15.0	27.2	57.8	100.0

Source: Government of India (2000)

Definition of Urban poverty

- Not enough to eat
- Lack of command over commodities
- Capability of the poor to function in society
 - That is mainly what Members do as opposed to what they can do.

Poverty rate and how to measure

- Minimum caloric intake
- Minimum annual income
- Living conditions

Poverty definition

- Planning commission definition of poverty
- < 2100 cal in Urban
- <2400 cal in Rural area

≈ 15% of India's population is defined in an extreme poverty category -same percent as in rural areas

Figure 7

India: Average Caloric Intake, 1961-1999

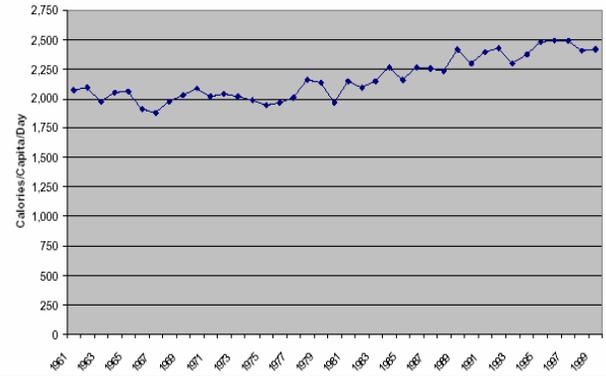


Figure 1
Poverty Rate in India, 1951-1974

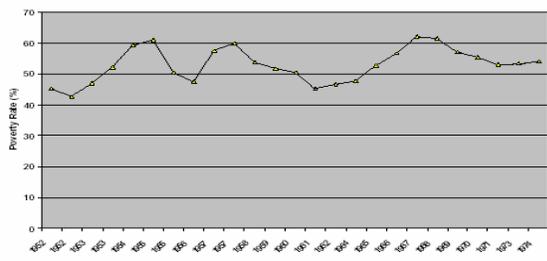


Figure 2
Poverty Rate in India, 1974-2000

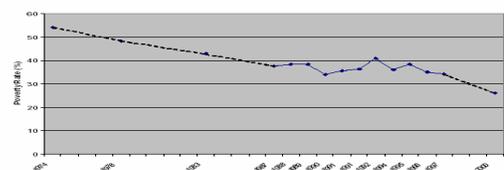
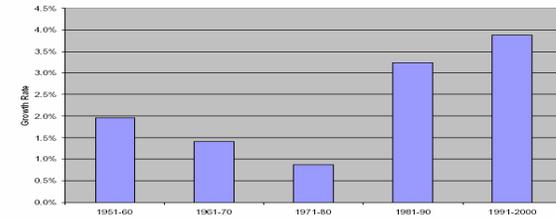
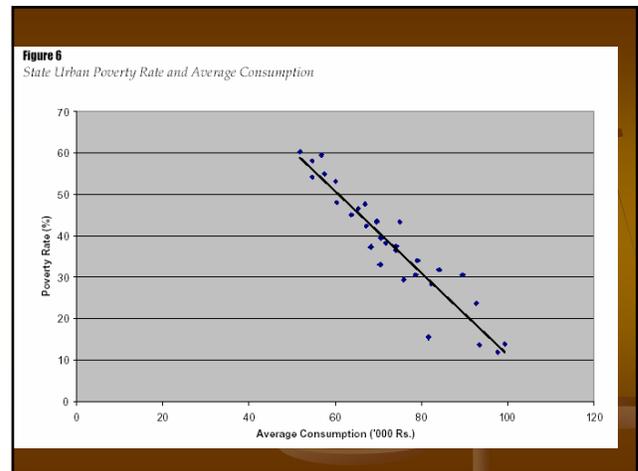
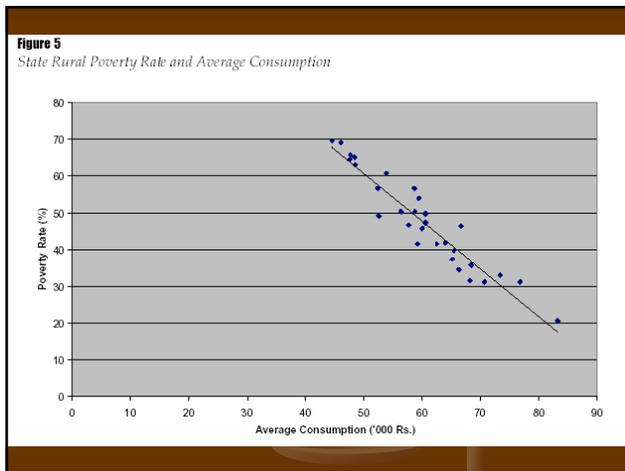


Fig 1

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Type of poverty

Problems of poverty	■ Types of solving poverty
■ Survival	■ Declining
■ Security	■ Coping
■ Quality of Life	■ Improving

'Declining' - This category describes the context within which people experience multiple vulnerabilities at the same time – poor health, loss of earnings, disability, eviction, etc., which is possibly coupled with a breakdown of family or community based social protection and mutual support systems. These people include the elderly without families; the dying orphans; 'discarded' children in extremely poor and/or re-partnered households, or living on the street; the chronically sick; the severely disabled; victims of life-threatening, communicable diseases; and severely oppressed or abandoned women.

'Coping' - These households have assets, but are only able to meet basic needs in the present. They are highly vulnerable because they have no resources to deal with any threats to a precarious equilibrium. People in this category are unlikely to graduate out of poverty without help.

'Improving' - These households have a range of assets, but also have positive features, such as residence in a registered slum, more sons than daughters in a dowry culture, better links to *dadas* and *mastaans* (local leaders who mediate access to job markets and services), or skills appropriate to expanding economic opportunities. The improving poor are in a position to better their conditions, and to take positive actions (e.g. invest in education) to do so.

Table 1: Poor People's Priorities

	Declining Poor	Coping Poor	Improving Poor
Survival	Free and accessible health care; Cash, pensions, unemployment and disability benefits; Food subsidies, legal aid Housing/shelter	Free or affordable health care Food subsidies and public works programmes Financial services Community based support	Affordable health care State and employer insurance schemes Regulations against discrimination etc enforced Financial services – loans
Security	Income stream Tenure rights Basic education, plus some skill training Savings schemes Community support systems	Income stream Secure housing tenure/ownership Skill up-gradation opportunities Education, legal support Savings and credit	Income stream Home ownership Enterprise development schemes Loans for enterprises Legal support
Quality of Life	Participate in decision-making about matters of immediate concern Environmental improvements	Participate in community based decision-making Environmental improvements	Health and safety at work Environmental improvements Political role

Table 2: Examples of Activities

	Social Action	Social Protection
Improving Poor	Appropriate education, and skill training, matched to job market Improvements in regulatory environment for job creation and economic growth Opportunities to participate in decision making about distribution and usage of resources (within community, and at municipality level) Financial services – e.g. loans for enterprise development etc.	Essential social services – basic education, health care, water, sanitation, drainage, solid waste collection State and employer (or employee) insurance schemes (unemployment benefit, pension) Laws outlawing discrimination, and exploitation (e.g. core labour standards) enacted and enforced. Financial Services – loans and savings
Coping Poor	Strong community based social capital, Opportunity for secure tenure rights Skill up-gradation programmes Community based financial services – e.g. loans for enterprise development	Food subsidies and public works programmes Free and accessible health care Community based support systems, e.g. financial services – savings plus small loans for consumption purposes
Declining Poor	Improve asset base (tenure, employment, etc.) Participate in decision making about how to improve quality of life	Free and accessible health care services Income (pensions, loans, insurance, disability benefit, etc.) to address immediate consumption needs (e.g. rent) Food subsidies; legal aid Housing/shelter for the abandoned elderly, women, the disabled, children

Table 3: A Policy Framework for Urban Poverty Reduction

	Social Action	Social Protection
Macro (states and markets and formal arrangements)	Education and skill training Regulate/reform markets to support pro-poor economic development and growth Political representation in decision making.	Social insurance and pension schemes; laws to outlaw discrimination. Laws to support labour standards, and to protect employee rights to combine in unions. Disability, housing and banking policies. Provision of services - health, basic education, water, sanitation, etc.
Meso (local governments and local markets - formal and informal arrangements).	Participation of poor people and their needs in city level planning. Improved convergence of programmes (e.g. anti-poverty, health, education) for the poor, and increased allocation of resources. Partnerships between range of agencies (municipalities, civil society organisations, private sector) to ensure optimal use of resources Targeted pro-poor initiatives. Improved accountability systems.	Ensuring the poor receive their entitlements e.g. pensions, health care, etc. Improvements in range, quantity and quality of service provision and on-going maintenance. Identification and implementation of programmes to reduce risks.
Micro (communities and households - informal arrangements).	Participation in community groups (social capital), informal labour arrangements/ protecting access to jobs and markets; organisation of crèches so that women can work; participate in Ward level decision making.	Kinship groupings and extended families providing reciprocal support; thrift and credit groups; fair tenancy arrangements agreed between householders; awareness of legal rights; informal support to those in need (charity).

Box 6: Models of Social Organisation in the Slum Improvement Projects

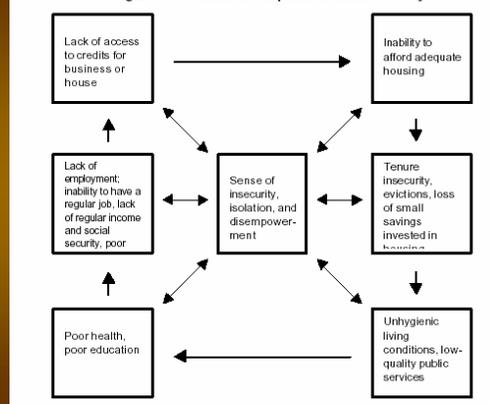
Inaction model	Authoritarian/Charismatic model
Rain Basera (Indore) <ul style="list-style-type: none"> No need to organise as easy to access other agencies - government and NGO Janata Colony (Vishakapatnam) <ul style="list-style-type: none"> Middle class uninterested and powerful caste groups are not involved SC Shukla Nagar (Indore) <ul style="list-style-type: none"> Neighbourhood Committee (NHC) inactive but active, assertive, politicised group (BJP) is not recognised by project 	Govind Nagar (Indore) <ul style="list-style-type: none"> Powerful ambitious political leader successfully able to access project resources - one person show Ramanagar (Vijaywada) <ul style="list-style-type: none"> Very well organised women's wing of political party (CPI) with long history in the area delivering project benefits to those identifying with party
Capture model	Open Democratic model
Bupeshnagar (Vishakapatnam) <ul style="list-style-type: none"> Former red light area, NHC captured by powerful, mixed, dominant business group with political connections; gate keeping and possible illegal activity Tarakanmangar (Vijaywada) <ul style="list-style-type: none"> Impoverished slum; formerly organised slum against relocation, NHC inactive. Now dominant group is controlled by higher economic and caste group. 	SSRS (Vishakapatnam) <ul style="list-style-type: none"> Homogenous single caste and occupation community - <i>dhobi</i> Greenlands (Vijaywada) <ul style="list-style-type: none"> Heterogeneous old slum with long history of representative coalition politics between different groups influenced by CPI Jabran Colony (Indore) <ul style="list-style-type: none"> Educated, idealistic and aware youth <i>dalit</i> -group able to work with project to develop slum Bheemanarripeta (SA Swamy) (Vijaywada) Mixed NHC able to incorporate different interests - women well involved.

Box 7: Financial Services

Access to financial services is a critical aspect of both social development and social protection measures for the poor. For the improving poor, these services create the opportunity for access to low interest credit, which can be used for skill enhancement or micro-enterprise. For the coping poor, this service creates opportunities for development loans, as well as for savings and loans as insurance against crises. For the declining poor, the opportunity to save, and secure access to income through small loans will enable them to meet their basic survival needs (rent payments, food, etc.) until things improve. The poorer the household, the greater the desire to save.

Given the fluidity between these three dimensions of poverty - the 'declining' of today may become the 'improving' of tomorrow - financial services provide a critical safety net, as well as a spring board for advancement. A key issue, therefore, in developing any financial service programme is to define who they are for, and how they will be used.

Figure 1.1 Cumulative Impacts of Urban Poverty



Five dimensions for viewing poverty

1. income/consumption,
2. health,
3. education,
4. security,
5. and empowerment.

The following table, on "Urban Poverty Matrix," summarizes key features of poverty across these same dimensions in the urban context.

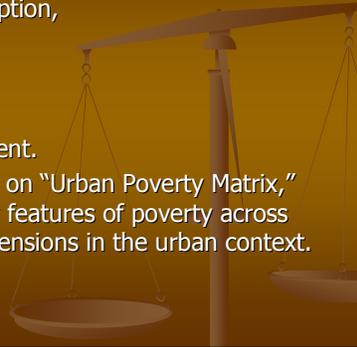


Table 3. Indicators of Urban Poverty*

* (Indicates suggested basic or "core" indicators)

Poverty Dimensions	Intermediate Indicators	Impact/outcome Indicators
Income	<ul style="list-style-type: none"> • Access to credit (e.g., % of the target population using (or eligible for) credits from formal finance organizations (including for housing and productive uses); or, the share of credits used by the target group in the total loans offered by formal finance organizations—C,I • Shares of informal employment—C,I • Share of household expenditures on housing (lowest 2 quintiles)—U,C,I • Model shares of transport for work trips—C,I • Share of household expenditures on transport (lowest 2 quintiles)—U,C,I • Mean travel time to work—C • Access to electricity—U,C,I • Regulatory delays (licensing burden on SMEs, etc.)—C • Land development controls—C • Coverage of social assistance—C 	<ul style="list-style-type: none"> • Poverty headcount—U,C,I • Poverty gap—U,C,I • Extreme poverty incidence • Female headed households in poverty—U,C,I • Income inequality (Gini coefficient)—C,I • Quintile ratio of inequality—C,I • Unemployment rate—U,C,I • Housing price/income ratio—C

Health	Intermediate Indicators	Impact/outcome Indicators
<ul style="list-style-type: none"> • Share of household expenditures on potable water and sanitation—U,C,I • % Household connected to water/sewerage—U,C,I • Per capita consumption of water—C,I • % Wastewater treated—C • % Households with regular solid waste collection—C,I • % of solid waste safely disposed—C • Crowding (housing floor space per person)—C,I • Air pollution concentrations—C • Shares of sources of household energy—U,C,I • Access to primary health services—U,C,I • Access to nutritional safety net—C,I • Share of household expenditures on health care (lowest 2 quintiles)—U,C,I • Share of household expenditures on food (lowest 2 quintiles)—U,C,I 	<ul style="list-style-type: none"> • Infant and under-5 mortality—U,C,I • Maternal mortality rate—U,C,I • Life expectancy at birth—U,C,I • Female-male gap in health (under-5 mortality rate by sex)—U,C,I • Malnutrition rate of children—U,C,I • Morbidity and mortality rates from public health/environment-related diseases (e.g., diarrheal, respiratory, malaria)—U,C,I • Death rates by violence—U,C,I • Injury/death rates by transport accidents—U,C,I • Mortality rates by disaster—U,C,I 	<ul style="list-style-type: none"> • Literacy rate—U,C,I • School completion rates—U,C,I • Gender gap in education attainment—U,C,I • Child labor—C,I • Street children—C,I

Poverty Dimensions	Intermediate Indicators	Impact/outcome Indicators
Education	<ul style="list-style-type: none"> • Primary and secondary school enrollment rates—U,C,I • Access to vocational training—U,C,I • Share of household expenditures on education (lowest 2 quintiles)—U,C,I 	<ul style="list-style-type: none"> • Literacy rate—U,C,I • School completion rates—U,C,I • Gender gap in education attainment—U,C,I • Child labor—C,I • Street children—C,I
Security ? Tenure ? Personal	<ul style="list-style-type: none"> • Population in unauthorized housing—C,I • Population living in precarious zones—C,I • Scope of disaster prevention/mitigation measures—U,C • Access to police and legal system protections—C,I 	<ul style="list-style-type: none"> • % of households with secure tenure—C,I • Deaths from industrial or environmental disasters—U,C,I • Murder rates (and rates of other crimes such as: domestic violence, child abuse, robbery, etc.)—C,I

Empowerment	<ul style="list-style-type: none"> • Extent of public consultation in local government budget decisions—C,I • Participation of residents in political or community organizations—C,I • Discrimination in access to services/jobs—C,I • Access to telephones and internet—U,C,I 	<ul style="list-style-type: none"> • Citizen involvement in major planning decisions—C,I • Public access to information about local government decisions, services, and performance—C,I • Satisfaction with city services—C,I
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Urban agriculture

Many urban poor people come from villages And know agriculture. But

- Frequently urban farmers do not own the land; rather, they use public space or vacant lots of private owners, with or without their permission.
- Land owners and farmers may enter into informal agreements, but because of inadequate legal frameworks governing tenancy, lease, and appropriate use, private land owners do not formally lease their land.

- With low tenure security and questionable legality, the farmer is not motivated to invest in the land.
- Legal and cultural biases against women owning or even leasing land make their attempts at urban farming
- even more difficult. In combination with a weak legal framework, the lack of government recognition means planners often do not think about how to provide water and drainage infrastructure to urban farming,

Cottage industry

- Like urban agriculture, home-based production (or cottage industry) is also an important income generating activity among the poor.
- housing space can be used to earn rents
- And accommodate commercial and manufacturing activity

Vizag-Example

Year	Population
1901	40,892
1911	43,413
1921	44,711
1931	57,303
1941	70,243
1951	108,042
1961	211,190
1971	363,467
1981	603,630
1991	1,051,918

SOURCES: Drawn from Indian Census data.

Year	Headcount (%)
1978	43.5
1983	35.6
1987	38.6
1988	40.0
1990	32.0
1991	27.9
1992	33.1

Figure 1: Poverty Perceptions

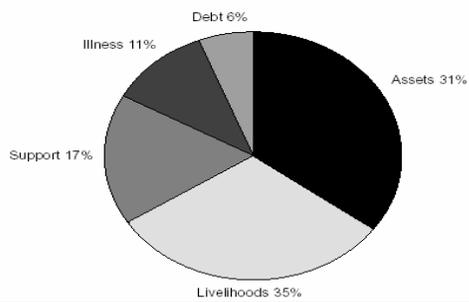
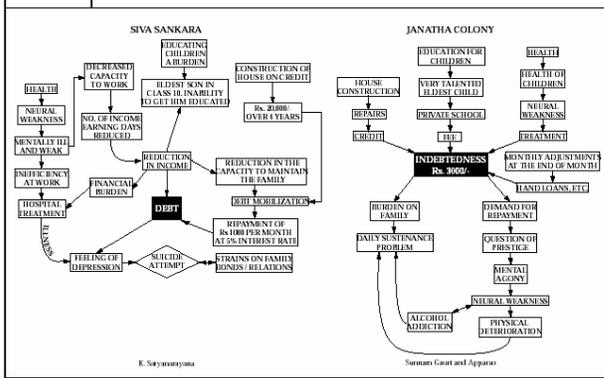


Figure 2: Diagrams from Participants on Indebtedness



V. POSITIVE IMPACT OF INFRASTRUCTURE: DFID'S SLUM IMPROVEMENT PROJECT⁽¹⁶⁾

Improvement in physical infrastructure like water, drainage Communal latrines, paved roads, community halls Estimated population 2 lakh people

Primary health care(improved nutrition, access to and Availability of health care and staff.
Improved health education And family planning.

Education and community development(Craft training centers Preschools, (balwadis), adult education centers and small business Loans)

Results

- 83 per cent of respondents noted that the scheme had improved the image of the slum;
- 88 per cent reported improved access for vehicles and pedestrians;
- 48 per cent noted a reduction in flooding and 55 per cent a reduction in water stagnation;
- 44 per cent reported an increased use of public space for social activity, 47 per cent for household activities and 13 per cent for economic activities;
- with regard to water, 62 per cent of households reported a decline in the burden for women while 68 per cent reported a time saving.

Table 3: The Impact of Different Project Components on Different Dimensions on Poverty (The greater number of stars *, the greater the impact)

Dimension of Poverty	Roads	Drains	Water	Streetlights	Latrines	Pre-schools ^(a)	Health
Survival							
Low-income		*	**				
Chronic/critical ill-health			**				**
No income substitution/PDS							
Security							
Irregular income	*					*	
Lack of assets	**	*		**			
Lack of empowerment				*		**	
Quality of life							
Poor public health		*	**		*		*
Environmental hazards	**	***	***				
Discomfort/drudgery	***	**	**	***	**	**	

a. Balwadi

Table 4: Percentage of Households Owning Consumer Durables, 1988 and 1997

Slum	TV (1988)	TV (1997)	Fans (1988)	Fans (1997)
Bhupesh Nagar	1%	17%	1%	29%
Indira Nagar	3%	51%	20%	61%
Janata Colony	29%	53%	n.a.	57%
Amar Nagar	0%	19%	0%	36%

Summary of actions that can be taken by national governments for urban

poverty reduction strategies

Policy level Decisions

- Develop urban poverty alleviation strategies/measures as a component of macroeconomic and social development plans, and sectoral policies.
- Develop instruments to help local governments respond to the demands placed on them in alleviating poverty at local level (e.g., through fiscal transfers, matching grants, etc.).
- Ensure stability in revenue sharing with local authorities.
- Synchronize the elements of decentralization, e.g., balancing the transfer of decision making as well as revenue generation authorities to local authorities.
- Take actions against corruption by supporting privatization of service provision,
- Ensuring transparency and accountability.

Design policies to remove distortions in labor markets and disincentives to hiring of low-income workers.

Support equal opportunities and policies against discrimination against gender, ethnic origin, etc.

Remove constraints on sectors with high employment generation capacities, e.g., housing construction

Design policies and support actions to remove bottlenecks in supply of developed land

Provide local authorities with freedom to establish land use and zoning regulations.

Support tenure regularization and transferable property rights.

Ensure political and economic stability.

Programmatic Innovations

Initiate and promote national programs, for example, (slum upgrading).

Central government support is one of the underlying factors of the program's success and reliability of the activities

Promote micro enterprises by encouraging financial organizations to lend to them and making funds available as seed funding or guarantees to facilitate resource mobilization.

Transfer/sell unoccupied government land (treasury land) to local authorities to help them in their poverty reduction strategies.

Regulatory framework

Identify/diagnose national policy impediments to improving the living conditions of the urban poor in major sectors, e.g., land, housing, infrastructure, health, education, labor markets.

Liberalize interest rates to facilitate operations and cost recovery of microfinance organizations.

Develop simplified and appropriately designed taxation policies for small businesses, banks, and financial institutions.

Accept para legal practices to facilitate collateral and credit underwriting for SBUs

Establish standards of public accountability for local authorities (e.g., municipal auditing requirements).

Clarify responsibilities between different levels of government agencies

Make worker protection measures and social benefits affordable and accessible to low-income groups; reduce barriers to the inclusion of informal-sector workers

Monitoring and coordination

- Support training and dissemination of municipal experiences, e.g., through national associations of local authorities.
Foster intermunicipal cooperation.

- Support and monitor poverty outcomes in cities through national agencies, e.g., statistics institutes, based on agreements with local authorities on appropriate and realistic benchmarks.

Common property for Rural poverty alleviation

The daily livelihood of many of the rural poor depends on the success with which common property resources (CPRs) are managed, and on the environmental consequences of their management. The poor depend more on CPRs for income than the rich, but rural income from CPRs is falling sharply as they are privatized or statized.